Stock No.:2850

ShinKong Insurance Co., Ltd.

2022
Annual report

April 20, 2023

MOPS Website: mops.twse.com.tw
Website: www.skinsurance.com.tw

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Company Website: www.skinsurance.com.tw

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One. Message to Shareholders

Greetings to all of our Valued Shareholders,

In 2022, the global economy was under the pressure of intensified inflation due to the energy and food crisis triggered by the Russia-Ukraine War, which prompted countries to raise interest rates to suppress the effects of inflation. In addition, the circumstances finally changed after years of effects of the pandemic, and countries have been adopting open-up policies, which resulted in excessive production capacity for information-related industries that benefited during the period of the outbreak; therefore, the global and Taiwanese economies are under pressure. The global economic growth rate in 2022 was revised down significantly from the initial estimate of 4.1% to 2.9%.

For the domestic property insurance market, after breaking through NT$200 billion in 2021, the overall premiums from written policies in 2022 reached NT$220.3 billion, representing a growth of 6.57%; even though the growth data was favorable as compared to the sluggish economic growth, the “pandemic-related insurance policies” brought significant losses starting from Q2 due to the number of claims and amount for the single product; the impact of more than NT$200 billion in claims further demonstrated that insurance operations shall focus on the essence of “risk management” so as to maintain the Company’s financial operations and the trust that is established through years of relationships with customers and shareholders.

ShinKong Insurance focuses on stable operations and under the “risk management” framework, our management team has established control systems and standards for product design, rate sufficiency, risk appetite, reinsurance arrangements, and sales limits, and continues to observe the market development trend and expected possible changes, and constantly examines the relationship between the underwriting scope and the corresponding rates. Apart from stabilizing the growth rate and maintaining the market share, we attach greater importance to the actual operating results and important indicators including the underwriting profits and “retained expense ratio”. In 2022, the premiums from written policies were NT$22.402 billion, representing a growth rate of 3.08% and a market share of 10.17%. For the overall operating achievements, the impact from the pandemic-related insurance policies were relatively under control due to the stringent underwriting policies and risk management of the Company, and we recorded stable operating performance that is better than the previous year, due to team consensus and the implementation of business strategies.

In terms of investment performance, the Central Bank in Taiwan increased the interest rates four times in 2022 to stabilize the exchange market and prevent imported inflation. The economic growth in Taiwan was revised down from the initial estimate of 3.76% to 3.06%, and the monitoring

indicators also turned blue, indicating a downturn. Under such an unfavorable environment, the Company adhered to the principle of stability, continued to make investments by way of dollar-cost averaging, and gradually increased the proportion of fixed income products to improve the stability of long-term investment returns and increase overall investment income in the future.

In order to achieve the mission of corporate sustainability, the Company has implemented SGDs and responded to the net-zero target in Taiwan. In 2022, ShinKong Insurance participated in the "1.5℃ Climate Action Declaration" and passed the ISO-14064 Greenhouse Gas Inventory. We also continued to develop green finance and developed the first "charging pole comprehensive insurance" and the "energy-saving performance insurance" exclusive to Asia. Meanwhile, considering the requirements of different groups, we developed senior insurance, provided a sign language translation platform and barrier-free website, and spared no effort in creating a friendly financial environment. Furthermore, we care for disadvantaged groups through actual donations and volunteer participation. With our efforts made to ESG, the Company gained recognition in the "Best ESG Award" from the Excellence Insurance Rating Survey. In 2022, the overall excellent performance of ShinKong Insurance is reflected in its many awards, including "twAA+," "A," and "A" from Taiwan Ratings, S&P, and A.M Best, as well as the recognition of "Faith, Hope & Love Awards of Insurance – Best Professional Award & Best Social Responsibility Award."

Looking ahead to 2023, the global economy is likely to recover; however, the uncertainties of the Russia-Ukraine War and climate change will affect global inflation. For the domestic property insurance market, due to the increase in the cost of reinsurance globally and the effects of inflation, adjustments to the insurance premium rate have become inevitable. In the aftermath of the pandemic-related insurance policy, the operations within the industry will focus on strengthening the risk management system and attach greater importance to the retained risks and rates adequacy; it is expected that the market competition will develop positively. E-commerce, travel insurance, major constructions, energy policies and other emerging insurance demands and sales channels will be the focuses and the directions for improvements to grasp market trends and business opportunities.

ShinKong Insurance is soon reaching its 60th anniversary. With six decades of local operations, we have been adhering to the philosophy of "Customer Service, Value Creation, Sustainable Operation" to continue our development and growth under the effects of traditions and innovations in the hope of creating the "common prosperity" between customers, employees, and shareholders through our professional insurance services and operations, and realizing corporate sustainable responsibility.

Chairman WU, HSIN-HUNG

I. The 2022 business report

(I) Business plan implementation results

ShinKong Insurance held a stable pace for its business and adhered to the material principle of "risk management" in the insurance industry; it duly evaluated domestic outbreak and market status, examined the risk evaluation and rate adequacy for product content at all times, expanded into new operations, and explored premium channels. The overall premiums from written policies throughout 2022 was NT$22.402 billion, representing a growth of 3.08% and a market share of 10.17%; our underwriting profits and composite rate recorded favorable performance; for investments, based on the principle of stability, we examined the market status and adjusted our investment structure to improve the steadiness of the overall investment gains; the overall operating performance of the Company was health. Operating achievements were summarized as follows:

Motor insurance:

In 2022, the shortage of vehicle chips continued, and there were insufficient vehicles in the automotive market; therefore, the overall sales markets of vehicles and motorcycles declined by 4.5% and 9.3% as compared to 2021. Apart from actively expanding into new markets and securing premium businesses and online insurance applications, the Company also sought to improve the renewal rate of valuable customers, allowing our overall insurance premium to reach NT$11.883 billion, with a market share of 10.31%, ranking the 3rd within the industry.

Fire insurance:

In 2022, in compliant with the policy of stable operations, we strived to secure businesses with favorable underwriting profits and adjusted and replaced high-risk businesses, allowing the underwriting profits to continue to increase. With employees actively expanding channels and improving the renewal rate of valuable customers, we recorded an excellent performance that covers a growth rate of 9.67% and premiums from written policies of NT$4.183 billion.

Marine insurance:

Despite the effects arising from inflation, increases in interest rate, the Russia-Ukraine War, the upheaval of COVID-19, and unfavorable macroeconomic factors in 2022, our overall premiums from written policies for marine insurance reached NT$995 million, with a market share of 9.71%. Complying with the existing underwriting policies, we actively secured premium businesses and replaced unfavorable business sources, which allowed us to achieve better underwriting results and favorable performances, apart from maintaining the

market scale.

Liability insurance:

In 2022, under the impacts of pandemic insurance, the overall market declined by 1.55%. Under the control principle of "risk evaluation," the Company continued to replace unfavorable businesses for liability insurance and actively worked with different channels to expand the performance of liability insurance. We recorded a growth of two digits for employer liability insurance, director and supervisor liability insurance, and mobile device insurance as compared to 2021 and a performance of NT$1.854 billion throughout the year, representing a growth of 3.32% as compared to the market, and we entered the top five ranking in the market in terms of market share.

Engineering insurance:

In 2022, the overall market development of engineering insurance was energetic due to large-scale public constructions, new plant constructions and equipment installation of the hi-tech industry, offshore wind power, and other major factors. Also, the Company actively participated in different businesses at appropriate considerations after examining the risks; the premiums from written policies throughout the year reached NT$1.228 billion, with a growth rate of 10.36% and a market share of 15.53%, maintaining the 2nd ranking in the market.

Accident and health insurance:

We focused on providing actual protection requirements to customers for our products in terms of accident and health insurance and actively examined the adequacy of product rates, and adjusted group injury insurance cases with unfavorable combined ratio to improve our business performance. Furthermore, with the gradual easing of domestic and foreign pandemic control measures, the travel insurance market recovered. In 2022 Q4, we resumed the sales of overseas travel insurance. The premiums from written policies of accident and health insurance throughout the year were NT$2.259 billion, and the market rate was 8.74%.

Investments:

In 2022, international economic growth was less favorable than expected due to the Russia-Ukraine War and inflation. Under such circumstances, the performance of stock markets in Taiwan and NTD remained sluggish. Following six major principles of the "Stewardship Principles," with the base tone set as the stable long-term investment return, the Company utilized dollar-cost averaging strategy and gradually increased the proportion of fixed income products to support the steady increase of overall income in the long run.

Adhering to the philosophy of “Customer Service, Value Creation, Sustainable Operation,” ShinKong Insurance connected to the international standards and complied with the national net-zero emissions plan, actively responses to SDGs, observed the PSE, developed green finance, promoted paperless operations, developed the “energy-saving performance insurance” exclusive to Asia, and planned for energy-saving and environmental protection objectives. We implemented inclusive financing, realized the spirit to treat customers fairly, provided various insurance protection, upgraded barrier-free facilities, supported social welfare groups through providing volunteers and donations for assistance, and cared for employees’ health by opening sports classes and promoting a healthy diet. The Company values risk management and strengthens its corporate governance to maintain its robust competitive strength.

With our outstanding performance in different aspects, the Company gained recognition by receiving Faith, Hope & Love Awards of Insurance – Best Professional Award & Best Social Responsibility Award,” “Best Insurance Evaluation - Best ESG Award,” and “Insurance Quality Award," and continued to receive ratings of “A,” “A,” and “twAA+” from A.M Best, S&P, and Taiwan Ratings, respectively.

(II) Budget implementation: The Company did not issue financial forecasts that were audited by the independent auditor in 2022; therefore, there was no budget implementation to be reported.

(III) Financial income and expenditure: The Company’s operating income was NT$18,930,606 thousand in 2022, operating cost was NT$12,705,404 thousand, operating expense was NT$3,764,558 thousand, operating profit was NT$2,460,644 thousand, income tax expense was NT$470,246 thousand, and net income was NT$2,003,570 thousand.

(IV) Profitability analysis – financial report

Analysis items		2021	2022
Profitability	Return on assets	5.41%	4.56%
	Return on equity	15.83%	13.23%
	Profit ratio of funds	3.17%	1.54%
	Return on investment	2.91%	1.42%
	Combined ratio	88.95%	90.24%
	Retained expense ratio	35.30%	34.75%
	Retained maximum probable loss ratio	53.65%	55.49%
	Earnings per share (NTD)	7.13	6.34

(V) Research & development status

1. Insurance product research & development:

Liability insurance and other property insurances are the two main new products developed this year with the purpose of enhancing market competitiveness and business growth momentum. The Company continues to maintain compliance with laws and regulations in a competitive market in order to take into account the interests and rights of consumers and the supervision requirements of the competent authority. The existing products are with the flexibility of adjustment at any time in response to the external environment in order to provide customers with prompt protection and stabilize the competitiveness of the existing channels.

2. Financial actuarial research:

The Company continues to conduct research, evaluation, and analysis on various issues related to capital reserve this year. It also actively participates in tasks of the IFRS 17 inter-departmental task force according to the latest standards issued in accordance with the International Financial Reporting Standards (IFRSs). Apart from continuing to carry out the system development, introduction, and field testing for the computing models related to IFRS17, we will continue to evaluate and calculate the financial effects, as well as examine and respond to the adjustments to relevant operating procedures related to IFRS17 in order to meet the supervision purpose of the government authority in strengthening the capital reserve of the insurance industry and smoothly linking to the international market.

3. Risk evaluation study

With the intensified global climate change, countries established regulatory systems to evaluate the effects of climate change on industries. To keep pace with globalization, the Company focuses on the development of technologies that can easily identify natural disaster risks. Except for adopting 3-D natural disaster risk indicators, the Company also proactively develops AI application models, potential flooding models, and other projects, which are expected to be used in daily underwriting operations as well as natural disaster risk management in response to major events in order to effectively increase the Company's risk management and efficiency.

II. 2023 Business Plan Summary

(I) Management Policy

Adhering to the philosophy of "Customer Service, Value Creation, Sustainable Operation," the Company established its development strategies and business decisions with reference to Sustainable Development Goals (SDGs) and Principles for Sustainable Insurance (PSI) and in response to the objectives of national sustainability, with a focus on sustainable corporate development; the 2023 management policy is as follows:

1. Establish sustainability strategies with reference to SDGs
2. Implement ESG measures in response to national policies
3. Reinforce digital services and promote green finance
4. Comply with the policy to treat customers fairly and create friendly finance
5. Care for the disadvantaged in society and dully fulfill corporate responsibility
6. Optimize risk control systems and engage in stable, sustainable operations
7. Strictly comply with laws and regulations and deepen corporate governance
8. Develop innovative products and improve market diversity
9. Duly evaluate risk and stabilize the financial structure
10. Reinforce professional training and improve service quality

(II) Expected sales volume

In 2023, with the slowdown of the pandemic, it is expected that insurance related to travel will record growth. Due to the rising international reinsurance premium, it is expected that the domestic rates will have a trend of upward adjustment. Considering the overall operating achievements, the Company shall replace unfavorable products with favorable ones, and risk evaluation and premium adequacy shall be the basic principles for policies. The Company will establish its business policy after making a comprehensive evaluation based on market factors, business structure, business quality, and other factors; it is expected that the sales volume will remain steady.

(III) Important production and marketing policies:

1. Develop corporate ESG, promote green business philosophy, carbon dioxide reduction, and environmental protection, and fulfill corporate sustainability responsibility.
2. Comply with the policy of treat customers fairly, reinforce diversified services for senior and disadvantaged groups, and develop appropriate products.
3. Establish a friendly finance environment, value customers' opinions and feedback, and improve barrier-free services and communication channels.
4. Enhance the risk control for underwriting, adopt a professional division of labor based on authority and responsibility, and improve the overall operating performance of the main business.
5. Duly perform risk evaluations, regularly examine rate adequacy, adjust product content and sales strategies, and stabilize operating performances.
6. Expand underwriting capacity, improve premium retained operations, duly arrange reinsurance to spread risks and improve underwriting profits.
7. Continue to reinforce corporate insurance development, balance and adjust the business structure, and improve the overall market share of performances.
8. Focus on the development of mid-to-long-term salles and include various evaluation and reward indexes based on features of different channels.
9. Adopt shifts for sales personnel and implement examination and grant rewards concurrently to improve the recruitment effects and production capacity per capita.

10. Value customers' interest, enhance renewal services, provide effective recommendations of favorable insurance categories, and improve customer protection.
11. Optimize online insurance application services, introduce products rapidly, enhance diverse marketing, and spare no effect or secure online business opportunities.
12. Utilize fin-tech and simplify operating procedures to improve service quality and operating efficiency.
13. Dedicated division of labor for underwriting and claims and adopt separate measures for different insurance categories to advance the operating quality and timeliness from different aspects.
14. Implement internal operation control systems and legal compliance and internalize them as operating specifications.
15. Prepare documented internal systems and operating specifications to duly realize the system implementation and experience inheritance.

III. Impact by the external competitive environment, regulatory environment and overall business environment

(I)External competitive environment (Analysis of the competitive situation of the property insurance industry)

1. Globally initiated international sustainable development objectives and issues related to ESG and environmental protection are highly concerned.
2. Global climate change and the risk of natural disasters are getting more and more serious, so catastrophe assessment and reinsurance arrangements are extremely important.
3. New competitors or mergers and acquisitions, market reshuffling, increased competition in the market
4. Financial conglomerates with integrated marketing, rich resources and strong business driving force
5. Market saturation is high, and insurance brokerage and agencies are joining the market competition, affecting the market order and rate stability
6. Consumers have diversified sources of information, increased awareness of insurance needs and claims, high demand for services, and frequent complaints
7. Financial technology is changing rapidly, and product innovation and service process changes need to be accelerated in response
8. Society is changing rapidly, and new risks are emerging one after another, but there is a lack of relevant underwriting, loss experience reference and reinsurance support
9. COVID-19 affected domestic and foreign economic development; social requirements and consumption habits changed.

(II) Legal environment

The Company adheres to market discipline and insurance-related regulations to maintain fair competition in the market, which helps to optimize the Company's operating nature and improve the order in the market. We also comply with regulations promulgated to guide corporate ESG and protect consumers (i.e., treat customers fairly). However, in response to regulatory changes, internal adjustments, construction, changes in operating

procedures, and related education and training will increase business costs in order to comply with the regulations. Externally, the requirements of laws and regulations to combat information terrorism, prevent money laundering and treat customers fairly, as well as the increasing complexity of insurance-related documents and verification requirements of relevant external entities, are all pressures that the external regulatory environment should face in the future.

(III)General business environment (analysis of world and domestic economic conditions)

Under the effects of the circular increase in interest rates by the Fed, the U.S.-China Trade War, the Russia-Ukraine War, and factors of the post-pandemic era, domestic and foreign institutions of significance have forecasts about the slowdown trend of global economic growth; however, with the fading severity of pandemic in Taiwan, domestic demand, consumption, and performance of relevant industries improved; it is estimated that the domestic economy may maintain its growth momentum.

IV. Future development strategy

In the face of fierce competition in the market, the Company is still aiming to expand new channels, select quality business and develop new products, and strengthen our competitiveness in e-commerce. We further improve the implementation of risk control and underwriting systems to improve the quality of our operations. Internally, we aim to improve the effectiveness of our information systems and improve our operating procedures to achieve results with half the efforts spent. Furthermore, we continue advancing the professional competency of our service staff in the hope of allowing growth in all aspects of the Company, maintaining our competitive strength, and creating corporate achievements through complementary internal and external planning to attain our goal of stable and sustainable operations.

Two. Company Overview

I. Date of Incorporation: April 26, 1963

II. Company History:

1. History

   The Company held a founding shareholders' meeting on March 20, 1963, and officially started the business on May 1 of the same year, and was initially settled at No. 43 Guanqian Road, Taipei City, and later moved to No. 35, Section 1, Wuchang Street, Taipei City on April 24, 1965 to meet the business expansion, and then moved to No. 34, Baoqing Road, Taipei City on January 30, 1973, and then again moved to the new corporate building at No. 15, Section 2, Jianguo North Road on January 20, 1983 for business expansion and restructuring. Capital: Initially NT$ 32,000 thousand in 1963, and increased to NT$ 54,400 thousand in 1977. Through the years of capital increases, as of December 31, 2020, the paid-in capital amounted to NT$ 3,159,633 thousand.

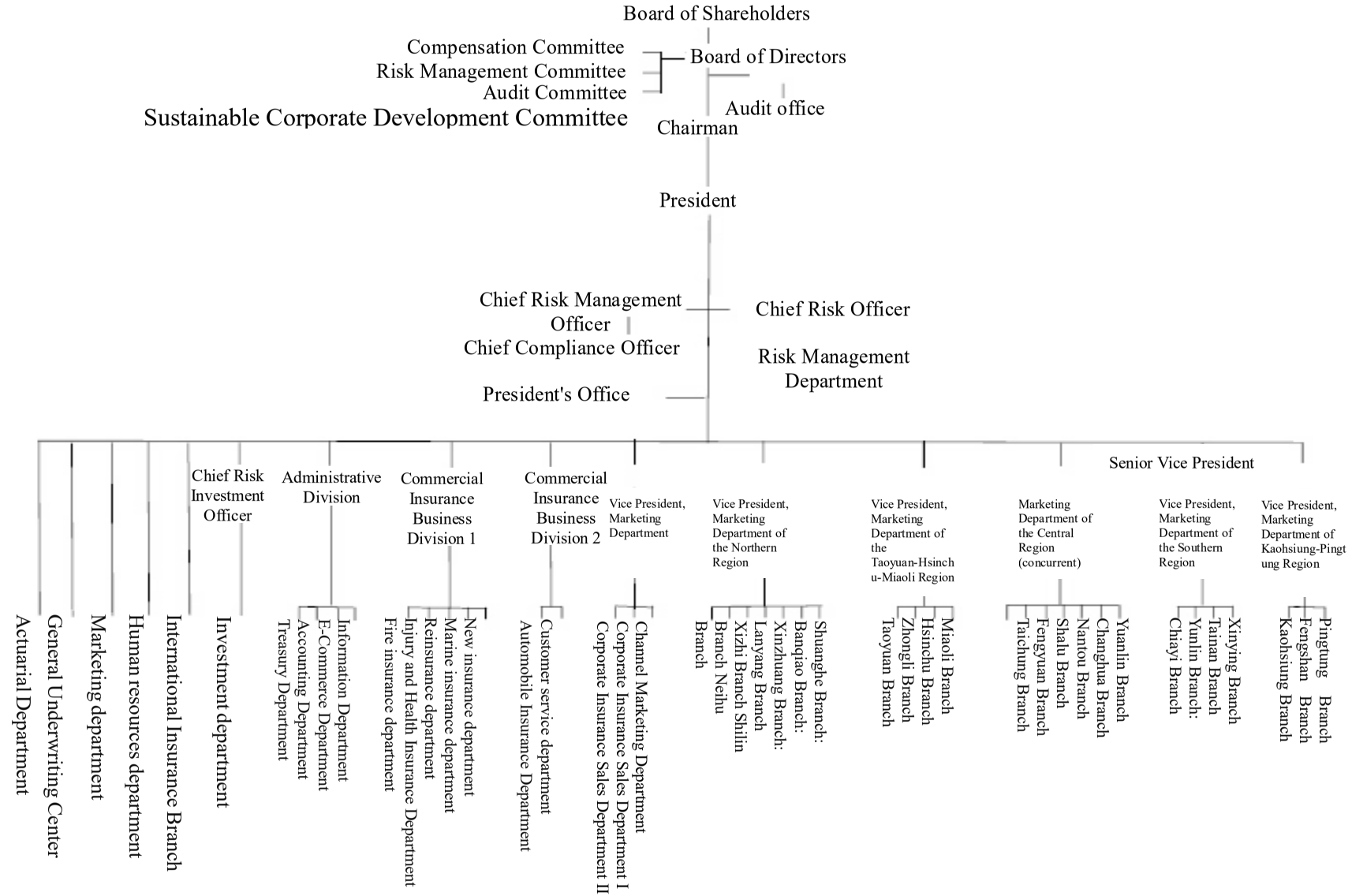
2. Organization

   The Company has a total of 25 branches, including Banqiao, Taoyuan, Hsinchu, Miaoli, Taichung, Shalu, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Shilin, Xinying, Yuanlin, Fengshan, Nantou, Zhongli, Lanyang, Xizhi, Shuanghe, Neihu, Fengyuan, Xinzhuang, and international insurance businesses. The branches have a total of 5 correspondence offices and 28 service centers, with service posts established all over Taiwan. The Company had 1,615 and 1,684 employees as of December 31, 2022 and 2021, respectively.

Three. Corporate Governance

I. Organization System

1. Organization Chart (as of March 2023)



2. Function of major departments

Key division & department	Responsibility
Corporate Insurance Sales Department I	Responsible for the marketing and development of the brokerage business.
Corporate Insurance Sales Department II	Responsible for general corporate and personal business marketing and development.
Channel Marketing Department	Responsible for the marketing and development of the channel business.
E-Commerce Department	Responsible for the marketing and development of the network insurance business.
Fire insurance department	Responsible for underwriting criteria planning, acceptance, investigation, and new product development for fire insurance and management of the aforementioned business.
New insurance department	Responsible for underwriting criteria planning, acceptance, investigation, and new product development for liability and engineering insurance and management of the aforementioned business.
Injury and Health Insurance Department	Responsible for underwriting criteria planning, acceptance, investigation, and new product development for injury and health insurance and management of the aforementioned business.
Marine Insurance department	Responsible for underwriting criteria planning, acceptance, and new product development for Cargo and Vessel insurance and management of the aforementioned business.
Automobile Insurance Department	Responsible for underwriting criteria planning, acceptance, and new product development for automobile insurance and management of the aforementioned business.
Corporate Insurance Claim Settlement Department	Responsible for the claim settlement for corporate insurance, including fire insurance, new insurance, and marine insurance, and the management of the abovementioned businesses.
Customer Service Department	Responsible for customer service management, automobile insurance, injury insurance, health insurance, personal travel comprehensive insurance claims and small liability insurance claims.
Underwriting Department	Responsible for underwriting, investigation and management of the aforementioned business of the branch.
Shilin Branch	In charge of business management and local marketing of the branch.
Xinzhuang Branch	In charge of business management and local marketing of the branch.
Neihu Branch	In charge of business management and local marketing of the branch.
Lanyang Branch	In charge of business management and local marketing of the branch.
Xizhi Branch	In charge of business management and local marketing of the branch.
Banqiao Branch	In charge of business management and local marketing of the branch.
Shuanghe Branch	In charge of business management and local marketing of the branch.
Taoyuan Branch	In charge of business management and local marketing of the branch.
Zhongli Branch	In charge of business management and local marketing of the branch.
Hsinchu Branch	In charge of business management and local marketing of the branch.
Miaoli Branch	In charge of business management and local marketing of the branch.
Taichung Branch	In charge of business management and local marketing of the branch.
Fengyuan Branch	In charge of business management and local marketing of the branch.
Shalu Branch	In charge of business management and local marketing of the branch.

Key division & department	Responsibility
Nantou Branch	In charge of business management and local marketing of the branch.
Changhua Branch	In charge of business management and local marketing of the branch.
Yuanlin Branch	In charge of business management and local marketing of the branch.
Chiayi Branch	In charge of business management and local marketing of the branch.
Yunlin Branch:	In charge of business management and local marketing of the branch.
Tainan Branch	In charge of business management and local marketing of the branch.
Xinying Branch	In charge of business management and local marketing of the branch.
Kaohsiung Branch	In charge of business management and local marketing of the branch.
Fengshan Branch	In charge of business management and local marketing of the branch.
Pingtung Branch	In charge of business management and local marketing of the branch.
International Insurance Branch	Responsible for the handling of offshore foreign-currency-denominated life insurance (injury insurance and health insurance), property insurance, reinsurance and other insurance-related business approved by the competent authorities.
Information Department	Responsible for the planning, development, security maintenance and control of company-wide information systems.
Marketing Department	Responsible for company-wide business target planning, performance statistics, performance evaluation, and advertising and promotion.
Actuarial Department	Responsible for market data analysis and statistics, new product rate setting and proposal, reserve deposit, and annual attestation of actuarial report analysis.
Treasury Department	Responsible for the overall management of company-wide capital allocation, premium management, bill payment and stock affairs
Accounting Department	Responsible for company-wide financial analysis and forecasting, accounting operations, handling of reinsurance accounting, tax planning and preparation of financial statements.
Information Department	Responsible for the planning, development, security maintenance and control of company-wide information systems.
Investment Department	Responsible for the purchase and sale of securities and real estate and the lease of real estate not for its own use.
Audit office	In charge of the execution and evaluation of the plan of internal audit operations and is directly under the Board of Directors.
Human Resources Department	In charge of company-wide personnel affairs, education and training, general administration, and property management and maintenance.
Reinsurance Department	Responsible for the arrangement and control of all reinsurance contracts and all insurance policies.
Legal Compliance Office	In charge of the planning, management and implementation of the company-wide compliance system, formulating annual compliance plans, managing changes in insurance regulations, supervising and evaluating the self-assessment of compliance by each unit, providing education, training and business promotion to the personnel of each unit, and managing the company-wide internal control system, directly under the president

II.Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Information on Directors:

Information on Directors (I)

March 27, 2023

Title (Note 1)	Nationality/ Country of Registration	Name	Gender Age (Note 2)	Date Elected (appointed)	term of office	Date first elected (Note 2)	Shareholding at the time of elected to office		Current Shareholding		Shareholding of spouse and dependents at present		Shareholding in the name of a third party		Major (academic degree) experience (Note 4)	Current position at the Company and other company	Other officers, Directors or supervisors having relations as spouses or relatives within the second degree of kinship.			Remarks (Note 5)
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Chairman	R . O . C.	WU, HSIN-HUNG	Male 41-50	2020/6/20	3 years	2000/5/31	143,239	0.05%	143,239	0.05%	0	0	0		0	MBA, Wharton School, University of Pennsylvania	Vice chairman of SHINKONG TEXTILE CO., LTD Director of TONG HSIN WATER BUSINESS INC. Director, etc. of SHINKONG CO., LTD.	Third-level Specialist	WU, XIN-EN	
Director Corporate Shareholder	R . O . C.	Hong En Co., Ltd		2020/6/20	3 years	2000/5/31	4,514,986	1.43%	4,514,986	1.43%	0	0	0		0	None	Chairman, etc of TONG HSIN WATER BUSINESS INC.			
Vice chairman	R . O . C.	SHIEH,MUNG-SHIUNG (Representative of Hong En Co., Ltd.)	Male 80-90	2020/6/20	3 years	2000/5/31	2,262,919	0.72%	2,262,919	0.72%	0	0	0	0	Doctor of Medicine, Pennsylvania, USA	Chairman of Shih Chien University Supervisor, etc. of APRICOT GROUP CO., LTD.				
Director	R . O . C.	WU,TONG-SHENG (Representative of Hong En Co., Ltd.)	Male 61-70	2020/6/20	3 years	2000/5/31	0	0	0	0	0	0	0	0	Doctor of Laws, Harvard University, USA	Chairman of SHINKONG SYNTHETIC FIBERS CORPORATION Chairman, etc. of Ubright Optronics Corp.				
Director Corporate Shareholder	R . O . C.	Hong Pu Co., Ltd.		2020/6/20	3 years	2020/6/20	7,412,900	2.35%	7,412,900	2.35%	0	0	0	0	None	None				
Director	R . O . C.	YANG, CHENG-BIN (Representative of Hong pu Co., Ltd.)	Male 51-60	2021/1/1	3 years	2021/1/1	0	0	0	0	0	0	0	0	National Yilan University Advanced Management Master	Chairman of LINK LEGEND CO., LTD. Director, etc. of DIGILIFE TECHNOLOGIES CO., LTD.				
Director Corporate Shareholder	R . O . C.	KONG MIN ENTERPRISES CO., LTD.		2020/6/20	3 years	2020/6/20	6,115,472	1.94%	6,115,472	1.94%	0	0	0	0	None	Chairman, etc. of Cosmos Hotels & Resorts				
							565,614	0.18%	614	0.00%	29,060	0.01%	0	0		Chairman of Cosmos				

Title (Note 1)	Nationality/ Country of Registration	Name	Gender Age (Note 2)	Date Elected (appointed)	term of office	Date first elected (Note 2)	Shareholding at the time of elected to office		Current Shareholding		Shareholding of spouse and dependents at present		Shareholding in the name of a third party		Major (academic degree) experience (Note 4)	Current position at the Company and other company	Other officers, Directors or supervisors having relations as spouses or relatives within the second degree of kinship.			Remarks (Note 5)
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Director	R . O . C.	CHANG, MAO-SONG (Representative of KONG MIN ENTERPRISES CO., LTD.)	Male 71-80	2020/6/20	3 years	2012/6/20									Police Academy	Hotels & Resorts Chairman, etc. of KONG MIN ENTERPRISES CO., LTD.				
Director Corporate Shareholder	R . O . C.	Mao Wei Investment Co., Ltd.		2020/6/20	3 years	2020/6/20	20,000	0.01%	20,000	0.01%	0	0	0		0	None				
Director	R . O . C.	WU,TONG-SHANG (Representative of Mao Wei Investment Co., Ltd.)	Male 71-80	2020/6/20	3 years	2020/6/20	1,056,511	0.33%	1,056,511	0.33%	0	0	0	0	Department of Business, Tamkang University	Director of SHINKONG CO., LTD. Director, etc. of WANG TIEN WOOLEN TEXTILE CO., LTD.				
Director Corporate Shareholder	R . O . C.	Shin Kong Wu Ho-Su Memorial Hospital		2020/6/20	3 years	2006/6/20	1,428,92N0	0.45%	1,428,920	0.45%	0	0	0	0		Director, etc. of Taiwan Shin Kong Security Co., Ltd.				
Director	R . O . C.	LIN, PO-FONG (Representative of Shin Kong Wu Ho-Su Memorial Hospital)	Male 61-70	2020/6/20	3 years	2020/6/20	0	0	0	0	0	0	0	0	National Taiwan University Law Department	Chairman. of Taiwan Shin Kong Security Co., Ltd. Chairman. of Taiwan Security Co., Ltd.				
Director	R . O . C.	HO, YING-LAN	Female 61-70	2020/6/20	3 years	2020/6/20	169,000	0.05%	1,312,000	0.42%	0	0	0	0	Department of Labor Relations, Cultural University	President of ShinKong Insurance Co., Ltd.				
Independent Director	R . O . C.	CHOU, HSIEN-TSAI	Male 61-70	2020/6/20	3 years	2020/6/20	26	0	26	0	0	0	0	0	Department of Business Administration, Cultural University	None				
Independent Director	R . O . C.	TSAI-SHIH-CHI	Male 51-60	2020/6/20	3 years	2020/6/20	0	0	0	0	0	0	0	0	Fu Jen Catholic University Law Institute	President of Katsura International Law Firm Director of Katsura Asset Management Consulting Ltd.				
Independent Director	R . O . C.	CHI, WEI-HSUEN	Male 71-80	2020/6/20	3 years	2020/6/20	94,872	0.03%	94,872	0.03%	0	0	0	0	National Taiwan University Law Department	Director, etc., of WONDERLAND CORPORATION				

Note 1: Corporate shareholders should have the name of corporate shareholders and representatives illustrated separately (the name of the corporate shareholders should be noted); also, Table 1 should be filled out.

Note 2: Please provide the actual age, which may be expressed in ranges, such as 41-50 or 51-60.

Note 3: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliate during the aforementioned time period, the job title and responsibilities must be provided.

Note 4: Where the President and the chairperson of the Board of Directors or persons of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more Independent Directors shall be added, and over half of the Directors are not concurrently an employee or manager.)

Note 5: The term of office of the 20th directors of the Company is from June 20, 2020 to June 19, 2023. The "Audit Committee" was established on June 20, 2014 to replace the function of the supervisors.

Note 6: The term of office for the 20th Directors is from June 20, 2020 to June 19, 2023, and the "Audit Committee" was established on June 20, 2014 to substitute supervisors.

Table 1: Corporate shareholders' main shareholders

March 16, 2023

Name of corporate director (Note 1)	Corporate shareholders' main shareholders (Note 2)
Hong En Co., Ltd	Cheng Cheng Co., Ltd. (20.08%) Cheng Chien Co., Ltd. (18.29%) Ci Qing Co., Ltd. (19.35%) Ji Chen Co., Ltd. (41.29%) SUN, JO-NAN (0.99%)
Hong Pu Co., Ltd.	Dong Xian Investment Co., Ltd. (46.88%) Lian Quan Investment Co., Ltd. (17.4%) CHENG KUANG INDUSTRIAL CO., LTD. (17.26%) Xin Fang Co., Ltd. (18.46%)
KONG MIN ENTERPRISES CO., LTD.	TAIPEI FORTUNA DEVELOPMENT COMPANY LIMITED (12.6%) Tian Li Investment Co., Ltd. (24.46%) Gao Zhu Development Co., Ltd. (14%) Tian He International Investment Co., Ltd. (24.46%) Yung An Sheng Co., Ltd. (24.47%)
Mao Wei Investment Co., Ltd.	LI, YI-JIAN (20%) CHEN, DE-LIN (80%)
Shin Kong Wu Ho-Su Memorial Hospital	Shin Kong Life Insurance (33.30%) Shin Kong Wu Foundation (10.00%) Companies, public interest groups and WU, TONG-JIN, etc. (56.70%)

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

Note 2: Fill out the name of major shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder.Fill out Table 2 if the main shareholders are entities.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor (please refer to the announced inquiries of the Judicial Yuan)and the percentage of their fund or donation; when the donor had passed away, please mark “deceased.”

Table 2: Major shareholders of major corporate shareholders listed in Table 1

March 16, 2023

Name of the corporation (Note 1)	Major shareholders of the corporation (Note 2)
Cheng Cheng Co., Ltd.	Huan Song Co., Ltd. (33.33%) Yong Le Co., Ltd. (33.33%) Quan Neng Co., Ltd. (33.33%)
JOHNASTER CORP.	Fu Yu Bu Co., Ltd. (50%) Fu Yu Bu Co., Ltd. (50%)
Ci Qing Co., Ltd.	SUN, RUO-NAN (92.59%)
Ji Chen Co., Ltd.	Cheng Cheng Co., Ltd. (41.55%) Cheng Chien Co., Ltd. (40.21%) Ci Qing Co., Ltd. (18.25%)
Dong Xian Investment Co., Ltd.	Rui Xin INDUSTRIAL CO., LTD. (78.75%) WU, GUI-LAN (3.12%) WU, TONG-XIAN (3.12%) WU, TONG-JIN (3.12%) HE, XING-HUA (1.88%)
CHENG KUANG INDUSTRIAL CO., LTD.	Cheng Chien Co., Ltd. (44.92%) Cheng Cheng Co., Ltd. (44.92%)
Lian Quan Investment Co., Ltd.	Shinkong Textile Co., Ltd. (48.89%) Hong Pu Co., Ltd. (49.1%).
Xin Fang Co., Ltd.	Dong Xian Investment Co., Ltd. (47.06%) Ji Chen Co., Ltd. (52.94%)
TAIPEI FORTUNA DEVELOPMENT COMPANY LIMITED	Rui Xing Investment Co., Ltd. of the British Virgin Islands (71.07%) Magellan Investment Co., Ltd. of the British Virgin Islands (24.44%) XU, JIAN (1.18%) XU, SHAN (1.18%) XUE, GUO-LIANG (0.01%) WEN, LI-YAN (0.9%) XU, YAN (1.18%) HUO, WEI-QIANG (0.01%)
Gao Zhu Development Co., Ltd.	Tian Li Investment Co., Ltd. (32.91%) Tian He International Investment Co., Ltd. (32.91%) Yung An Sheng Co., Ltd. (32.91%)

Name of the corporation (Note 1)	Major shareholders of the corporation (Note 2)
Tian Li Investment Co., Ltd.	HE, ZHENG-XUN (11.02%) HE, YU-GUANG (13.05%) HE, WEI-JUN (10.61%) LIN, HSIU-NV (48.36%) HE, YU-GUN (16.96%)
Tian He International Investment Co., Ltd.	HE, SU-QING (51.69%) CHANG, MAO-SONG (29.39%) CHANG, DONG-HAO (7.67%) HE, YI-HUI (3.62%)
Yung An Sheng Co., Ltd.	HE, GUAN-HUI (11.96%) HE, SHUI-JIN (49.57%) HE, WEN-XIONG (17.82%) HE, ZHONG-YONG (9.97%) HE, YU-RU (5.34%)
Shin Kong Life Insurance	Shin Kong Financial Holding Co., Ltd. (100.00%)
Shin Kong Wu Foundation	Joint donation by WU, HUO-SHI (deceased), WU, JIN-LONG (deceased), WU, JIN-Hu (deceased), WU, TONG-JIN, WU, TONG-XIAN, WU, TONG-LIANG, WU, TONG-SHENG, (100.00%)

Note 1: If the major shareholder in Table 1 above is a corporation, the name of the corporation should be filled in.

Note 2: Fill out the name of major shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor (please refer to the announced inquiries of the Judicial Yuan) and the percentage of their fund or donation; when the donor has passed away, please mark “deceased.”

Information on Directors (II)

I. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Criteria / Name	Professional Qualification and Experience (Note 1)	Status of independence (Note 2)	Number of other public companies where the member is also a member of their remuneration committees
WU, HSIN-HUNG	Possess the professional qualification of director approved by the FSC. Held positions in Merrill Lynch and J.P. Morgan Securities; currently is the vice chairman of Shinkong Textile Co., Ltd. and the chairman of Shinkong Insurance Co., Ltd. There is no circumstance set out in Article 30 of the Company Act.	The Directors comply with the requirements of Articles 3 and 4 of the Securities Exchange Act, have no spousal relationship or relatives within the second degree of kinship, have not held any position in the Company or in affiliates, have no compensation related to providing corporate commerce, legal, financial, or accounting services to the Company or its affiliates.	0
Hong En Co., Ltd Representative: SHIEH, MUNG-SHIUNG	Held the position as the president of the Taipei Medical University and commissioner of the Control Yuan; currently is the chairman of Shih Chien University; has many medical and artworks. There is no circumstance set out in Article 30 of the Company Act.		0
Hong En Co., Ltd Representative: WU, TONG-SHENG	Possess the professional qualification of the Director approved by the FSC. Held the position as an associate professor at Soochow University and legislator; currently is the chairman of Shinkong Synthetic Fibers Corporation. There is no circumstance set out in Article 30 of the Company Act.		0
Hong Pu Co., Ltd. Representative: YANG, CHENG-BIN	Currently is the president of Digilife Technologies Co., Ltd. and the chairman of Link Legend Co., Ltd. There is no circumstance set out in Article 30 of the Company Act.		0
Mao Wei Investment Co., Ltd. Representative: WU, TONG-SHANG	Currently is the president of Shinkong Co., Ltd. There is no circumstance set out in Article 30 of the Company Act.		0
KONG MIN ENTERPRISES CO., LTD. Representative: CHANG, MAO-SONG	Currently is the chairman of Cosmos Hotels & Resorts and Grand Cosmos Resort Ruisui, Hualien Co., Ltd. There is no circumstance set out in Article 30 of the Company Act.		0
Shin Kong Wu Ho-Su Memorial Hospital Representative: LIN, PO-FONG	Currently is the chairman of Taiwan Shin Kong Security Co., Ltd and Ti-Kong Security Co., Ltd. There is no circumstance set out in Article 30 of the Company Act.		1

HO, YING-LAN	Possess the professional qualification of the Director approved by the FSC. Held the position as the executive vice president of Shin Kong Investment Trust. Currently is the President of the Company. There is no circumstance set out in Article 30 of the Company Act.		0
CHOU, HSIEN-TSAI	Possess the professional qualification of the Director approved by the FSC. Possess professional backgrounds in accounting, finance, and law; held the position as the senior vice president and chief auditor of the Company. There is no circumstance set out in Article 30 of the Company Act.		0
TSAI-SHIH-CHI	Possess a professional background in law; held the position as the director of the Sheng Sun International Law Firm. There is no circumstance set out in Article 30 of the Company Act.		0
CHI, WEI-HSUEN	Possess the professional qualification of Director approved by the FSC; held the position as the executive vice president of the Company. There is no circumstance set out in Article 30 of the Company Act.		0

(II) Board diversification and independence:

(I) Board diversification:

The Company's "Corporate Governance Best Principles" stated that the Board shall consider the diversification of its composition and has formulated an appropriate diversification policy based on the Board's operation, operating patterns, and development requirements, and the Board possesses knowledge, skills, and literacy required for the execution of duties. To achieve the ideal objectives of corporate governance, the overall Board shall possess the following abilities: 1. Ability for business judgment. 2. Ability for accounting and financial analysis. 3. Operating management ability. 4. Crisis management ability. 5. Industrial knowledge. 6. International market viewpoint. 7. Leadership. 8. Decision-making ability. 9. Risk management knowledge and ability.

Substantial management objectives: At least one Director shall have professional experience in each of the fields.

For actual implementation, current Board members of the Company have complementary professional fields and gender equality, complying with the diversification policy stated above.

To reinforce corporate governance and facilitate healthy development, Article 22 of the "Corporate Governance Best Principles" has stipulated:

The Board shall consider the diversification of its composition and has formulated an appropriate diversification policy based on the Board's operation, operating patterns, and development requirements, and the policy shall include but not be limited to the criteria of the following two major aspects:

I. Basic conditions and value: Gender, age, nationality, and culture; the ratio of female Directors shall reach one-third of the Board members.

II. Professional knowledge and skills: Professional background (i.e., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall generally possess the knowledge, skills, and literacy required for the execution of duties.

To achieve the ideal objectives of corporate governance, the overall Board shall possess the following abilities:

I. Ability for business judgment.

II. Ability for accounting and financial analysis.

III. Operating management ability.

IV. Crisis management ability.

V. Industrial knowledge.

VI. International market viewpoint.

VII. Leadership.

VIII. Decision-making ability.

IX. Risk management knowledge and ability.

Directors shall be aware of the risks faced by the Company in terms of its operations (i.e., market risk, credit risk, liquidity risk, operating risk, legal risk, reputation risk, and other risks related to the operations of the Company) to ensure the effectiveness of risk management and be held ultimately responsible for risk management.

Core Item of Diversification / Name	Basic Composition									Industrial experience					Professional capacity				
	Nationality	Gender	Concurrently an employee of the Company	Age			Year of experience as an independent director			Finance and insurance	Manufacturing and sales	Legal institutions	Education and Art	Tourism and dining	Technology application	Finance and accounting	Legal profession	Information technology	Business management
				Below 50	50 to 70	Over 70	Under 3 years	3 to 9 years	Over 9 years										
WU, HSIN-HUNG Chairman	Taiwan	Male		V						V	V					V			V
SHIEH, MUNG-SHIUNG Vice Chairman	Taiwan	Male				V				V			V						V
WU, TUNG-SHANG Director	Taiwan	Male			V					V	V						V		V
YANG, CHENG-BIN Director	Taiwan	Male			V					V	V				V			V	V
WU,TONG-SHANG Director	Taiwan	Male				V				V									V
CHANG, MAO-SONG Director	Taiwan	Male				V				V				V					V
LIN, PO-FONG Director	Taiwan	Male			V					V					V			V	V
HO, YING-LAN Director	Taiwan	Female	V		V					V	V					V	V		V
CHOU, HSIEN-TSAI Independent Director	Taiwan	Male			V		V			V						V	V		V
TSAI-SHIH-CHI Independent Director	Taiwan	Male			V		V			V		V					V		V
CHI, WEI-HSUEN Independent Director	Taiwan	Male				V	V			V							V		V

(II) Independence of the Board: Please describe the number of independent directors and the ratio and illustrate the independence of the Board of Directors, and provide the reason for whether the Directors are free from circumstances stated in paragraphs 3 and 4, Article 26-3 of the Securities Exchange Act, including describing the spousal relationship or kin within the second pillar between Directors, supervisors, or between Directors and supervisors.

The current Board of Directors comprises eight general Directors and three Independent Directors, and Independent Directors account for 27% of the Board of Directors. Members of the Board of Directors comply with requirements under paragraphs 3 and 4, Article 26-3 of the Securities Exchange Act, have no spousal relationship or relatives within the second degree of kinship with other Directors of the Company, have not held any position in the Company or in affiliates, have no compensation related to providing corporate commerce, legal, financial, or accounting services to the Company or its affiliates; the Board of Directors is independent.

Note 1: Professional qualification and experience: Describe the professional qualification and experience of individual directors and supervisors; for members of the audit committee who have accounting or financial expertise, describe their accounting or financial backgrounds and work experiences and further describe whether there are any circumstances as stated in Article 30 of the Company Act.

Note 2: For any independent director, describe their compliance with independence, including but not limited to whether itself, its spouse, or any relative within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates, the number of shares held by and shareholding of itself, its spouse, or any relative within the second degree of kinship (or in the name of others), whether it is a director, supervisor, or employee of a company with specific relationships with the Company (please refer to requirements under subparagraphs 5 to 8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the amount of compensation obtained from the Company or its affiliates for the provision of business, legal, financial, and accounting services for the past two years.

Note 3: For the disclosing methods, please refer to the sample on the website of TWSE Corporate Governance Center.

(II) Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

March 27, 2023

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
President	R.O.C.	HO, YING-LAN	Female	2015/03/26	1,312,000	0.42%	0	0.00%	0	0.00%	Department of Labor Relations, Cultural University	None	None	None	None	
Senior Vice President	R.O.C.	TU, KUN-YI	Male	2021/06/01	33,531	0.01%	7,031	0.00%	0	0.00%	Department of Business Administration, Hsing Kuo University of Management	None	None	None	None	
Senior Vice President	R.O.C.	WANG, PO-HSUAN	Male	2016/03/31	17,800	0.01%	0	0.00%	0	0.00%	EMBA, National Chengchi University	None	None	None	None	
Senior Vice President	R.O.C.	LIU, CHONG-WEN	Male	2022/09/01	8,905	0.00%	0	0.00%	0	0.00%	EMBA, National Chengchi University	None	None	None	None	
Vice President	R.O.C.	KAO, CHUAN-TE	Male	2018/01/31	10,684	0.00%	0	0.00%	0	0.00%	Department of Economics, Fengchia University	None	None	None	None	
Vice President	R.O.C.	LO, KUO-FENG	Male	2019/01/01	1,000	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Chinese Culture University	None	None	None	None	
Vice President	R.O.C.	YEH, JIH-CHIN	Male	2017/05/19	9,210	0.00%	859	0.00%	0	0.00%	Department of Mathematics, Fu Jen Catholic University	None	None	None	None	
Vice President	R.O.C.	ZHANG, HONG-JI	Male	2015/01/01	52,034	0.02%	0	0.00%	0	0.00%	Department of Mechanics, Tungnan University	None	None	None	None	
Vice President	R.O.C.	LIU, TING-CHING	Male	2018/07/01	6,908	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Soochow University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Vice President	R.O.C.	YANG, YUEH-TSANG	Male	2018/01/01	14,077	0.00%	16,636	0.01%	0	0.00%	Department of Business Administration, Ling Tung University	None	None	None	None	
Vice President	R.O.C.	TANG, QING-WEN	Male	2017/03/16	3,963	0.00%	0	0.00%	0	0.00%	Department of Information Management, National Yunlin University of Science and Technology	None	None	None	None	
Vice President	R.O.C.	LIN, HSIEN-TANG	Male	2015/01/01	14,700	0.00%	9,641	0.00%	0	0.00%	Department of Law, National Chengchi University	None	None	None	None	
Vice President	R.O.C.	LI, SI-YI	Female	2022/09/01	1,000	0.00%	0	0.00%	0	0.00%	Department of Insurance, Tamkang University	None	Manager	LIU, CHIA-YU	Husband and wife	
Vice President	R.O.C.	YANG, CHUN-YEN	Male	2022/09/01	5,300	0.00%	1,000	0.00%	0	0.00%	Department of Mathematics, Fu Jen Catholic University	None	None	None	None	
Vice President	R.O.C.	TSAI, SHIH-HSIEN	Male	2019/08/01	3,000	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Chengchi University	None	None	None	None	
Vice President	R.O.C.	LIN, HSIU-CHUAN	Female	2019/08/01	32,010	0.01%	0	0.00%	0	0.00%	Department of Geography, Fu Jen Catholic University	None	None	None	None	
Vice President	R.O.C.	TSENG, KUO-HUI	Male	2019/08/01	8,088	0.00%	0	0.00%	0	0.00%	Institute of Management Information Systems, National Chengchi University	None	None	None	None	
Vice President	R.O.C.	WANG, TAI-YU	Male	2022/06/01	5,654	0.00%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Assistant Vice President	R.O.C.	XU, LING-RONG	Female	2022/09/01	8,500	0.00%	0	0.00%	0	0.00%	Department of Insurance, Tamkang University	None	None	None	None	
Assistant Vice President	R.O.C.	SHEN, XIN-YI	Female	2022/09/01	36,000	0.01%	0	0.00%	0	0.00%	EMA, Department of Accountancy, National Taipei University	None	None	None	None	
Assistant Vice President	R.O.C.	KAO, JUI-TSE	Male	2019/08/01	0	0.00%	0	0.00%	0	0.00%	Department of Economics, Fu Jen Catholic University	None	None	None	None	
Manager	R.O.C.	ZHOU, WEN-QI	Female	2013/03/01	46,798	0.01%	0	0.00%	0	0.00%	Department of Economics, Tung Hai University	None	None	None	None	
Manager	R.O.C.	ZHANG, MEI-YAO	Female	2018/05/01	1,000	0.00%	0	0.00%	0	0.00%	Department of Accounting and Statistics, National Taichung Institute of Technology	None	None	None	None	
Manager	R.O.C.	CHUANG, YAO-CHANG	Male	2017/01/01	15,800	0.01%	0	0.00%	0	0.00%	Department of Business Administration, Hsing Kuo University of Management	None	None	None	None	
Manager	R.O.C.	WANG, HUI-ZHEN	Female	2014/01/01	16,323	0.01%	0	0.00%	0	0.00%	Department of Accounting and Statistics, Shih Chien School of Home Economics	None	None	None	None	
Manager	R.O.C.	XIAO, SHU-ZHEN	Female	2022/01/01	17,491	0.01%	0	0.00%	0	0.00%	Department of Secretarial Science, Chung Yu Junior College of Business Administration	None	None	None	None	
Manager	R.O.C.	LIU, ZI-JIAN	Male	2017/07/01	11,000	0.00%	689	0.00%	0	0.00%	Department of Automated Engineering, Ta Hwa Institute of Technology	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Manager	R.O.C.	WU, YU-LONG	Male	2020/01/01	977	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Nan-Tai Junior College of Engineering and Business	None	None	None	None	
Manager	R.O.C.	LIU, CHIH-CHIEN	Male	2018/04/01	21,270	0.01%	0	0.00%	0	0.00%	Department of Economics, National Chiayi University	None	None	None	None	
Manager	R.O.C.	ZHENG, ZHONG-RONG	Male	2014/01/01	48,011	0.02%	0	0.00%	0	0.00%	Industrial Engineering Management, Shu-Teh Junior College of Technology and Commerce	None	None	None	None	
Manager	R.O.C.	HUANG, PO-CHIEN	Male	2019/01/01	2,000	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Chung Chou Junior College of Technology	None	None	None	None	
Manager	R.O.C.	CHANG, PAO-KUEI	Female	2017/09/01	1,800	0.00%	0	0.00%	0	0.00%	Department of Accountancy, National Taipei University	None	None	None	None	
Manager	R.O.C.	LING, CHANG-ZHI	Male	2018/01/01	4,800	0.00%	0	0.00%	0	0.00%	Institute of Civil Engineering, Chung Yuan Christian University	None	None	None	None	
Manager	R.O.C.	WANG, AN-KAI	Male	2018/01/01	8,300	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Tamkang University	None	None	None	None	
Manager	R.O.C.	PENG, WEI-WEN	Male	2020/07/01	1,500	0.00%	0	0.00%	0	0.00%	Department of Insurance, Tamkang University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Manager	R.O.C.	HSUEH, YU-CHENG	Male	2021/07/01	0	0.00%	0	0.00%	0	0.00%	Department of Accounting and Statistics, National Taipei College of Business	None	None	None	None	
Manager	R.O.C.	CHEN, CHUN-CHIEH	Male	2020/07/01	0	0.00%	0	0.00%	0	0.00%	Department of Law, Tunghai University	None	None	None	None	
Manager	R.O.C.	TSAI, MENG-CHANG	Male	2020/01/01	0	0.00%	0	0.00%	0	0.00%	Department of Foreign Languages and Literature, National Sun Yat-sen University	None	None	None	None	
Manager	R.O.C.	PENG, CHIH-HENG	Male	2019/01/01	1,000	0.00%	0	0.00%	0	0.00%	Department of Public Health (Department of Mathematics, minor degree), National Taiwan University	None	None	None	None	
Manager	R.O.C.	ZHU, SI-FU	Male	2022/08/01	2,846	0.00%	0	0.00%	0	0.00%	Department of Information Management, China University of Technology	None	None	None	None	
Manager	R.O.C.	ZHANG, YI-MING	Male	2022/12/01	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Chin-Min Institute of Technology	None	None	None	None	
Manager	R.O.C.	TSENG, YA-FANG	Female	2020/03/19	0	0.00%	0	0.00%	0	0.00%	Department of Insurance, Chaoyang University of Technology	None	None	None	None	
Manager	R.O.C.	CHENG, WEI-CHAO	Male	2021/05/01	131	0.00%	0	0.00%	0	0.00%	Department of Insurance, Tamkang University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Manager	R.O.C.	LIU, CHIA-YU	Male	2021/07/01	0	0.00%	1000	0.00%	0	0.00%	Department of Nutrition, Chung Shan Medical University.	None	Vice President	LI, SI-YI	Husband and wife	
Manager	R.O.C.	LI, YUN-XUAN	Male	2021/01/01	0	0.00%	0	0.00%	0	0.00%	Department of Public Finance, Fengchia University	None	None	None	None	
Manager	R.O.C.	HAN, KUO-HSUAN	Male	2020/07/01	4,000	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, Chung Yuan Christian University	None	None	None	None	
Manager	R.O.C.	LU, YEN-LONG	Male	2021/02/28	800	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Pingtung Institute of Commerce	None	None	None	None	
Manager	R.O.C.	WANG, ZHENG-MING	Male	2022/08/18	1,000	0.00%	1165	0.00%	0	0.00%	Department of Nutrition, Chung Shan Medical University.	None	None	None	None	
Manager	R.O.C.	CHEN, ZHAO-XIONG	Male	2022/08/18	1,500	0.00%	0	0.00%	0	0.00%	Department of Business Administration, China University of Science and Technology	None	None	None	None	
Manager	R.O.C.	ZHANG, ZHAN-ZHI	Male	2021/10/01	1,000	0.00%	0	0.00%	0	0.00%	Department of International Trade, Chung Yuan Christian University	None	None	None	None	
Deputy Manager	R.O.C.	KE, ZHI-ZHONG	Male	2021/06/01	23,300	0.01%	0	0.00%	0	0.00%	Department of Risk Management and Insurance, National Kaohsiung First University of Science and Technology	None	None	None	None	
Deputy Manager	R.O.C.	LUO, YA-YUN	Female	2021/09/01	0	0.00%	0	0.00%	0	0.00%	Department of Public Administration and Management, Chinese Culture University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Shareholding		Shareholdings of spouse, minor children		Shareholding in the name of a third party		Major (academic degree) experience (Note 2)	Holding positions in other companies at present	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relation	
Deputy Manager	R.O.C.	WANG, DING-JIE	Male	2023/01/01	0	0.00%	0	0.00%	0	0.00%	Department of Ocean Engineering and Technology, National Taiwan Ocean University	None	None	None	None	

Note 1: Background information of the President, Vice Presidents, Assistant Vice Presidents, Heads of various departments and Branches, and anyone of equivalent authority to the above, regardless of their job titles, shall be disclosed.

Note 2: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliate during the aforementioned time period, the job title and responsibilities must be provided.

Note 3: Where the President and the chairperson of the Board of Directors or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more Independent Directors shall be added, and over half of the Directors are not concurrently an employee or manager.)

(III) Remuneration to Directors, supervisors, Presidents and Vice Presidents for the most recent year:

(1) Remuneration to regular Directors and Independent Directors (aggregated remuneration, disclosing name(s) and indicating each remuneration scale)

Unit: NTD thousandsDecember 31, 2022

Job title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)				Remuneration to directors also holding employee positions								The sum of A, B, C, D, E, F and G in proportion to Earnings (Note 10)				Collect the remuneration from the reinvestment except for the subsidiary or the remuneration from the parent company (Note 11)
		Base Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business execution expenses (D) (Note 4)						Salaries, bonuses, special allowances etc (E) (Note 5)		Severance and pension (F)		Remuneration to employees (G) (Note 6)								
		The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company		All Companies mentioned in the Financial statements		The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company		All Companies mentioned in the Financial statements (Note 7)		The Company		All Companies mentioned in the Financial statements		
																		Amount in cash	Amount in stock	Amount in cash	Amount in stock					
Chairman	WU, HSIN-HUNG	0	0	0	0	13,344	13,344	16,484	16,484	29,828	1.49%	29,828	1.49%	0	0	0	0	0	0	0	0	29,828	1.49%	29,828	1.49%	None

(2) Remunerations of general Directors and Independent Directors (disclosed the range of sum and name)

Unit: NTD thousands December 31, 2021

Job title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)				Remuneration to directors also holding employee positions								The sum of A, B, C, D, E, F and G in proportion to Earnings (Note 10)				Collect the remuneration from the reinvestment except for the subsidiary or the remuneration from the parent company (Note 11)
		Base Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business execution expenses (D) (Note 4)						Salaries, bonuses, special allowances etc (E) (Note 5)		Severance and pension (F)		Remuneration to employees (G) (Note 6)								
																		The Company		All Companies mentioned in the Financial statements (Note 7)						
		The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	The Company		All Companies mentioned in the Financial statements		The Company	All Companies mentioned in the Financial statements (Note 7)	The Company	All Companies mentioned in the Financial statements (Note 7)	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company		All Companies mentioned in the Financial statements		
Chairman	WU, HSIN-HUNG	0	0	0	0	40,031	40,031	18,944	18,944	58,975	2.94%	58,975	2.94%	20,216	20,216	0	0	3,606	0	3,606	0	82,797	4.13%	82,797	4.13%	None
Vice chairman	Hong En Co., Ltd. Representative: SHIEH, MUNG-SHIUNG																									
Director	Hong En Co., Ltd. Representative: WU, TONG-SHENG																									
Director	Mao Wei Investment Co., Ltd. Representative: WU, TONG-SHANG																									
Director	Hong Pu Co., Ltd. Representative: YANG, CHENG-BIN																									
Director	Shin Kong Wu Ho-Su Memorial Hospital Representative: LIN, PO-FONG																									
Director	KONG MIN ENTERPRISES CO., LTD. Representative: CHANG, MAO-SONG																									
Director	HO, YING-LAN																									
Independent Director	CHOU, HSIEN-TSAI	0	0	0	0	0	0	2,370	2,370	2,370	0.12%	2,370	0.12%	0	0	0	0	0	0	0	0	2,370	0.12%	2,370	0.12%	None
Independent Director	TSAI-SHIH-CHI																									
Independent Director	CHI, WEI-HSUEN																									

1. Please describe the policy, system, criteria and structure for the remuneration of Independent Directors and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors: The remuneration of the Company's Independent Directors is based on their involvement in the Company's operations, the value of their contributions and the responsibilities they assume, and is evaluated with reference to the industry standards and taking into account the Company's future risks. Independent Directors receive attendance fees and do not participate in the distribution of Directors' remuneration.
2. Except as disclosed above, the remuneration for the directors of the Company for the provision of services (such as holding the position of a non-employee consultant of the parent company/any company in the financial report/investee company) in the most recent year: None.

Remarks

Note 1: The "Directors' Remuneration" listed in this table are the estimated amounts to be distributed in 2022 from the profit gained in 2021, and the remaining is the amounts to be paid in 2021.

Note 2: If a legal entity director is listed in the "Directors' Remuneration" table, it is paid to a legal entity.

Remuneration scale table

Remuneration scale table

Payment scale of remuneration to the Directors of the Company	Name of Directors			
	The total of A+B+C+D		The total of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in financial statements (H) (Note 9)	The Company (Note 8)	All companies in financial statements (H) (Note 9)
Less than NT$1,000,000	CHOU, HSIEN-TSAI, TSAI-SHIH-CHI, CHI, WEI-HSUEN	CHOU, HSIEN-TSAI, TSAI-SHIH-CHI, CHI, WEI-HSUEN	CHOU, HSIEN-TSAI, TSAI-SHIH-CHI, CHI, WEI-HSUEN	CHOU, HSIEN-TSAI, TSAI-SHIH-CHI, CHI, WEI-HSUEN
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive)~ NT$5,000,000 (exclusive)	Representative of Hong En Co., Ltd.: WU, TONG-SHENG, Representative of Mao Wei Investment Co., Ltd.: WU, TONG-SHANG Representative of Hong Pu Co., Ltd. YANG, CHENG-BIN Representative of Shin Kong Wu Huo-Shih Memorial Hospital: LIN,PO-FONG Representative of KONG MIN ENTERPRISES CO., LTD.: CHANG, MAO-SONG; HO, YING-LAN	Representative of Hong En Co., Ltd.: WU, TONG-SHENG, Representative of Mao Wei Investment Co., Ltd.: WU, TONG-SHANG Representative of Hong Pu Co., Ltd. YANG, CHENG-BIN Representative of Shin Kong Wu Huo-Shih Memorial Hospital: LIN,PO-FONG Representative of KONG MIN ENTERPRISES CO., LTD.: CHANG, MAO-SONG; HO, YING-LAN	Representative of Hong En Co., Ltd.: WU, TONG-SHENG, Representative of Mao Wei Investment Co., Ltd.: WU, TONG-SHANG Representative of Hong Pu Co., Ltd. YANG, CHENG-BIN Representative of Shin Kong Wu Huo-Shih Memorial Hospital: LIN,PO-FONG Representative of KONG MIN ENTERPRISES CO., LTD.: CHANG, MAO-SONG	Representative of Hong En Co., Ltd.: WU, TONG-SHENG, Representative of Mao Wei Investment Co., Ltd.: WU, TONG-SHANG Representative of Hong Pu Co., Ltd. YANG, CHENG-BIN Representative of Shin Kong Wu Huo-Shih Memorial Hospital: LIN,PO-FONG Representative of KONG MIN ENTERPRISES CO., LTD.: CHANG, MAO-SONG
NT$5,000,000 (inclusive)~ NT$10,000,000 (exclusive)	Representative of Hong En Co., Ltd.: SHIEH, MUNG-SHIUNG	Representative of Hong En Co., Ltd.: SHIEH,MUNG-SHIUNG	Representative of Hong En Co., Ltd.: SHIEH,MUNG-SHIUNG	Representative of Hong En Co., Ltd.: SHIEH,MUNG-SHIUNG
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	None	None	None	None
NT$ 15,000,000 (inclusive)~NT$ 30,000,000 (exclusive)	WU, HSIN-HUNG	WU, HSIN-HUNG	WU, HSIN-HUNG; HO, YING-LAN	WU, HSIN-HUNG; HO, YING-LAN
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	None	None	None	None
NT$ 50,000,000 (inclusive)~NT$ 100,000,000 (exclusive)	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	11	11	11	11

Note 1: Fill in the name of each Director individually (the name of institutional shareholders and their representatives shall also be listed individually) and the name of general Directors and Independent Directors. The amount of remuneration to each shall be disclosed in aggregate. If a Director is serving concurrently as a President or Vice President, the table, the following table (3-1), or tables (3-2-1) and (3-2-2) should be filled out.

Note 2: Refers to Director's remuneration in the latest year (including salaries, work subsidies, severance pay, various bonuses and incentives etc.).

Note 3: Fill in the amount of remuneration distributed to corporate Directors or individual Directors, as approved by the Board of Directors in the most recent year.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration.

Note 5: This refers to the salary, duty allowances, severance pay, bonuses, incentives, transportation allowance, special allowance, various allowances and accommodation, and company cars paid or offered to directors who concurrently hold the position as an employee (incl. President, Vice President, other managers and employees). If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the "Share-Based Payment" of IFRS 2, expenses including the employee stock option certificate acquirement, employee restricted stock, and employee participation in cash capital increase and the stock subscription must be counted in the remuneration.

Note 6: For the Directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.

Note 7: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.

Note 8: The name of the director to whom the total remuneration is paid by the Company shall be disclosed in the corresponding remuneration range.

Note 9: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.

Note 10: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.

Note 11: a. The amount of remuneration a director receives from investees other than subsidiaries or from the parent shall be stated in this column (fill in "N/A" when none).

b. When a director receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column I of the Increments of Remuneration table, and the column shall be renamed "Parent or All Investees."

c. Remuneration refers to any returns, compensation from the parent company (including remuneration to Employees, Directors and Supervisors), professional fees, etc., which the Company's Directors have received for serving as the directors, supervisors, or managers in invested businesses other than subsidiaries.

*The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

(3) Remuneration to presidents and vice presidents (aggregated remuneration that discloses name(s) indicating each remuneration scale)

Unit: NTD thousands December 31, 2022

Job title	Name	Salary (A) (Note 2)		Severance and Pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Employee's Remuneration Amount (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)				Collect the remuneration from the reinvestment except for the subsidiary or the remuneration from the parent company (Note 9).
		The Company	All companies shown in the financial report (Note 5)	The Company	All companies shown in the financial report (Note 5)	The Company	All companies shown in the financial report (Note 5)	The Company		All companies shown in the financial report (Note 5)		The Company		All companies shown in the financial report		
								Amount in cash	Amount in stock	Amount in cash	Amount in stock					
President	HO, YING-LAN	38,464	38,464	13,822	13,822	38,763	38,763	11,392	0	11,392	0	102,441	5.11%	102,441	5.11%	none
Senior Vice President	HUANG, CHIH-YUAN (Note 2)															
Senior Vice President	WANG, PO-HSUAN															
Senior Vice President	TU, KUN-YI															
Senior Vice President	LIU, CHUNG-WEN															
Vice President	LIN, ZIAN-TANG															
Vice President	WU, YA-YING															
Vice President	YEH, JIH-CHIN															
Vice President	HUANG RONG-CAN (Note 3)															
Vice President	KAO, CHUAN-TE															
Vice President	LIU, TING-CHING															
Vice President	CHEN, KUO-CHU (Note 4)															
Vice President	LIN, HSIU-CHUAN															
Vice President	TSAI, SHIH-HSIEN															
Vice President	TSENG, KUO-HUI															
Vice President	LO, KUO-FENG															
Vice President	YANG, YUEH-CANG															
Vice President	SHENG, YU-HSIANG (Note 5)															
Vice President	YANG, CHING-WEN															
Vice President	ZHANG, HONG-JI (Note 6)															
Vice President	WANG, TAI-YU (Note 7)															
Vice President	YANG, CHUN-YEN (Note 8)															
Vice President	LI, SI-YI (Note 9)															

*Disregarding position titles. All such job positions, including President, Vice President (e.g., President, Chief Executive Officer (CEO), Superintendent….), shall be disclosed.

Note 1: The "Employee's Remuneration" listed in this table are the amounts to be distributed in 2022, from the 2021 earnings.

Note 2: Former Senior Vice President HUANG, ZHI-YUAN retired on October 1, 2022, and only the income before September 30, 2022 is disclosed.

Note 3: Vice President HUANG, RONG-CAN retired on March 1, 2022, and only the income before February 28, 2022 is disclosed.

Note 4: Vice President CHEN, KUO-CHU retired on August 1, 2022, and only the income before July 31, 2022 is disclosed.

Note 5: Vice President SHENG, YU-HSIANG retired on June 1, 2022, and only the income before Maya 31, 2022 is disclosed.

Note 6: ZHANG, HONG-JI was appointed as the Vice President on March 1, 2022.

Note 7: WANG, TAI-YU was appointed as the Vice President on June 1, 2022.

Note 8: YANG, CHUN -YEN was appointed as the Vice President on September 1, 2022.

Note 9: LI, SI-YI was appointed as the Vice President on September 1, 2022.

Note 10: The remuneration of the Vice President listed in this table refers to the total income for the whole year of the said officer, including the income earned before assuming the

position of Vice President.

Remuneration scale table

Payment scale of remunerations paid to the President and Vice Presidents of the Company	Names of the President and Vice Presidents	
	The Company (Note 6)	All companies listed in financial statements (Note 7) E
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive)~ NT$2,000,000 (exclusive)	KAO, CHUAN-TE; WANG, TAI-YU; SHENG,YU-HSIANG	KAO, CHUAN-TE; WANG, TAI-YU; SHENG,YU-HSIANG
NT$2,000,000 (inclusive)~ NT$3,500,000 (exclusive)	LIU, CHONG-WEN; TSAI, SHIH-HSIEN; YANG CANG-YUE; YANG, CHING-WEN; LI, SI-YI; YEH, JIH-CHIN; ZHANG, HONG-JI; WU, YA-YING; YANG JUN-YEN; LIN, HSIU-CHUAN; TSENG, KUO-HUI; LIN, HSIEN-TANG	LIU, CHONG-WEN; TSAI, SHIH-HSIEN; YANG CANG-YUE; YANG, QING-WEN; LI, SI-YI; YEH, JIH-CHIN; ZHANG, HONG-JI; WU, YA-YING; YANG JUN-YEN; LIN, HSIU-CHUAN; TSENG, KUO-HUI; LIN, HSIEN-TANG
NT$3,500,000 (inclusive)~ NT$5,000,000 (exclusive)	TU, KUN-YI; LIU, TING-CHING; HUANG, ZHI-YUAN; LO, KUO-FENG; WANG BO-XUN	TU, KUN-YI; LIU, TING-CHING; HUANG, ZHI-YUAN; LO, KUO-FENG; WANG BO-XUN
NT$5,000,000 (inclusive)~ NT$10,000,000 (exclusive)	HUANG, RONG-CAN	HUANG, RONG-CAN
NT$10,000,000 (inclusive)~ NT$15,000,000 (exclusive)	CHEN, KUO-CHU	CHEN, KUO-CHU
NT$ 15,000,000 (inclusive)~NT$ 30,000,000 (exclusive)	HO, YING-LAN	HO, YING-LAN
NT$30,000,000 (inclusive)~ NT$50,000,000 (exclusive)	None	None
NT$ 50,000,000 (inclusive)~NT$ 100,000,000(exclusive)	None	None
Over NT$100,000,000	None	None
Total	23	23

Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. If a director is serving concurrently as a President or Vice President, the table, the above table (1-1), or tables (1-2-1) and (1-2-2) should be filled out.

Note 2: Refers to salaries, work subsidies, and severance pay made to the president and Vice President in the latest year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate

vehicles or other items made to the President and Vice Presidents. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the “Share-Based Payment” of IFRS 2, expenses including the employee stock option certificate acquirement, employee restricted stock, and employee participation in cash capital increase and the stock subscription must be counted in the remuneration.

Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.

Note 5: The total amount of remuneration paid to the Company's presidents and vice presidents by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 6: The amount of remuneration made by the Company to its President/Vice Presidents is disclosed separately in amount ranges.

Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.

Note 8: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.

Note 9: a. Please clearly indicate the amount of remuneration received by the Company’s president and vice president from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in “none”).

d.When a president or vice president receives remuneration from an investee other than a subsidiary, the amount of such remuneration shall be combined in column E of the Increments of Remuneration table, and the column shall be renamed “Parent and All Investees.”

e.Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees, etc., which the Company’s President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or from the parent.

*The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

(4) Name of the managers who received remuneration and the distribution of remuneration

Unit: NTD thousands December 31, 2022

	Title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total	As a percentage of net profit after tax (%)	
Manager	President	HO, YING-LAN	0	20,527	20,527	20,527	1.02%
	Senior Vice President	WANG, PO-HSUAN					
	Senior Vice President	LIU, CHUNG-WEN					
	Senior Vice President	TU, KUN-YI					
	Vice President	KAO, CHUAN-TE					
	Vice President	YEH, JIH-CHIN					
	Vice President	WU, YA-YING					
	Vice President	LO, KUO-FENG					
	Vice President	LIU, TING-CHING					
	Vice President	TSAI, SHIH-HSIEN					
	Vice President	YANG, CHUN -YEN					
	Vice President	LIN, HSIEN-TANG					
	Vice President	LI, SI-YI					
	Vice President	YANG, YUEH-TSANG					
	Vice President	YANG, CHING-WEN					
	Vice President	ZHANG, HONG-JI					
	Vice President	TSENG, KUO-HUI					
	Vice President	WANG, TAI-YU					
	Vice President	LIN, HSIU-CHUAN					
	Manager	KAO, JUI-TSE					
	Manager	XU, LING-RONG					
	Manager	SHEN, XIN-YI					
	Manager	PENG, CHIH-HENG					
	Manager	TSAI, MENG-CHANG					
	Chief of Finance and Accounting	CHANG, PAO-KUEI					
	Manager	HSUEH, YU-CHENG					
	Manager	HUANG, PO-CHIEN					
	Manager	CHUANG, YAO-CHANG					
	Manager	PENGG, WEI-WEN					
	Manager	LIU, CHIH-CHIEN					
	Manager	CHEN, CHUN-CHIEH					
	Manager	CHUANG, YAO-CHANG					
	Manager	CHEN, CHIEN-LIANG					
	Manager	CHENG, CHUNG-JUNG					
	Manager	CHOU, CHI-WEN					
	Manager	WANG, AN-KAI					
	Manager	CHANG, MEI-YAO					
	Manager	WANG, HUI-ZHEN					
	Manager	CHENG, WEI-CHAO					
	Manager	HAN, KUO HSUAN					
	Chief of Accounting	TSENG, YA-FANG					
	Manager	WANG, MING-ZHENG					
	Manager	ZHANG, YI-MING					
	Manager	LU, YEN-LUNG					
	Manager	CHEN, ZHAOO-XIONG					
	Manager	ZHANG, ZHAN-ZHI					
	Manager	LIU, CHIA-YU					
	Manager	LI, YUN-XUAN					

Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.

Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate

earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Tsai-Cheng-3-0920001301 dated March 27, 2003, the following managerial roles are subject to reporting:

(1) President or equivalent
(2) Vice President or equivalent
(3) Assistant Manager or equivalent
(4) Head of Finance
(5) Head of Accounting
(6) Any other authorized signatories involved in The Company's administrative affairs

Note 4: If the Directors, President, and Vice President have received remuneration (including stock and cash), in addition to filling out Attachment 1.2, this form must be filled out too.

(IV) Analysis of the total remuneration paid to the Company's directors, supervisors, president and vice president as a percentage of the individual or standalone net profits after tax for the most recent two years for the Company and all the companies in the consolidated financial statements, and a description of the policy, criteria and composition of remuneration payments, the procedures for determining remuneration, and the relationship to business performance and future risks.

Job title	2022				2021			
	Total remuneration (Thousands of NTD)		Percentage of after-tax net profit (%)		Total remuneration (Thousands of NTD)		Percentage of after-tax net profit (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	85,167	85,167	4.25%	4.25%	67,658	67,658	3.00%	3.00%
Supervisors	0	0	0.00%	0.00%	0	0	0.00%	0.00%
President Vice President	102,441	102,441	5.11%	5.11%	91,340	91,340	4.05%	4.05%

Note: The Company established an audit committee to replace the supervisors; function since June 20, 2014, so there is no such amount.

The Company's remuneration to Directors is set forth in the Company's Articles of Incorporation and is subject to the resolution of the shareholders' meeting.

Pursuant to Article 27 of the Company's "Corporate Governance Best Practice Principles" and Article 5 of the "Rules Governing the Scope of Powers of Independent Directors," the remuneration of the Company's Independent Directors shall be set forth in the Company's Articles of Incorporation or by resolution of the shareholders' meeting, and may be set at a reasonable rate different from that of the ordinary directors. The remuneration of such an Independent Director may also be fixed at a monthly rate by discretion in accordance with the relevant statutory procedures.

The remuneration of the Company's directors is determined in accordance with the Articles of Incorporation approved by the shareholders' meeting, which authorizes the Board of Directors to agree on the value and performance evaluation of their participation in and contribution to the Company's operations. The Board of Directors of the Company reviews the performance evaluation of the Directors on an annual basis and reviews the reasonableness of the remuneration based on the evaluation results. The performance evaluation includes 6 aspects: 1. Alignment of the goals and mission of the Company, 2. Awareness of the duties of a director, 3. Participation in the operation of

the company, 4. Management of internal relationships and communication, 5. Professionalism and continuing education of the Directors, and 6. Internal control. The results of the 2022 annual comprehensive evaluation are "exceptional." The above-mentioned basis is used as a reference for payment, and the remuneration includes base remuneration, bonus and business execution expenses. The remuneration of the Company's managers is evaluated annually, and the Remuneration Committee regularly evaluates the reasonableness of their remuneration. In addition to the aforementioned criteria, the performance evaluation includes 1. decision analysis and strategy planning ability, 2. team goal achievement and internal control execution ability, 3. all-round communication and integration ability, 4. leadership and organizational planning ability, 5. problem-solving and crisis management ability, and 6. cost control. The comprehensive evaluation results were "A," "B," and "C" for 2022, and the external salary benchmark was used as a reference for payment. Therefore, the Company’s operating performance and performance evaluation results directly affect remuneration, which includes 1. Fixed salary, determined according to the managerial responsibilities of each job rank. 2. Variable remuneration: including spring bonuses, employee remuneration, variable bonuses and employee benefits. In addition, the standard or structure and system of remuneration paid to directors and managers are adjusted according to future risk factors, and directors and managers should not be induced to engage in acts that exceed the risk appetites of the Company in pursuit of remuneration, and the Company regularly convenes the Remuneration Committee meeting to review the appropriateness of the remuneration so as to avoid improper situations such as the Company suffering losses after paying remuneration.

III. Corporate governance:

(I) The Function of the Board of Directors

The Function of the Board of Directors

The Board of Directors held 8 meetings in the most recent year, and the attendance of directors and supervisors is as follows:

Job title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance in person (%) [B/A]	Remarks
Chairman	WU, HSIN-HUNG	8	0	100%	Assumed the position on June 20, 2020
Vice chairman	Hong En Co., Ltd. Representative: SHIEH, MUNG-SHIUNG	8	0	100%	Assumed the position on June 20, 2020
Director	Hong En Co., Ltd. Representative: WU, TONG-SHENG	6	2	75%	Assumed the position on June 20, 2020
Director	KONG MIN ENTERPRISES CO., LTD. Representative: CHANG, MAO-SONG	5	3	63%	Assumed the position on June 20, 2020
Director	Hong Pu Co., Ltd. Representative: YANG, CHENG-PIN	7	1	88%	Assumed the position on January 1, 2021
Director	Mao Wei Investment Co., Ltd. Representative: WU, TONG-SHANG	8	0	100%	Assumed the position on June 20, 2020
Director	Shin Kong Wu Ho-Su Memorial Hospital Representative: LIN, PO-FONG	7	1	88%	Assumed the position on June 20, 2020
Director	HO, YING-LAN	8	0	100%	Assumed the position on June 20, 2020
Independent Director	CHOU, HSIEN-TSAI	8	0	100%	Assumed the position on June 20, 2020
Independent Director	TSAI-SHIH-CHI	7	1	88%	Assumed the position on June 20, 2020
Independent Director	CHI, WEI-HSUEN	8	8	100%	Assumed the position on June 20, 2020

Other notes:

I. If any of the following is applicable to the operation of the board of directors, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act:

The Company has established an audit committee in accordance with the law, and in accordance with Article 14-5, Paragraph 1 of the Securities and Exchange Act, the provisions of Article 14-3 of the same Act shall not apply.

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the Independent Directors documented or declared in writing: None.

II. The avoidance of the conflict of interest by the Directors on related motions, specify the names of the Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots:

(I) The 16th meeting of the 20th session on March 9, 2022

Proposal for the procurement of employees' uniforms

After Chairman WU, HSIN-HUNG recused himself from the meeting, Vice Chairman SHIEH, MUNG-SHIUNG inquired all attending Directors on behalf of the chairperson, and the proposal was passed as proposed with consensus.

(II) The 16th meeting of the 20th session on March 9, 2022

Discuss the distribution of Directors' and employees' remuneration in 2020

As Chairman WU, HSIN-HUNG, Vice Chairman SHIEH, MUNG-SHIUNG, Director CHANG, MAO-SONG, Director YANG, CHENG-BIN, Director WU, TONG-SHENG, Director LIN, PO-FONG, and Director HO, YING-LAN, general directors holding interests, have abstained themselves, Independent Director CHOU, HSIEN-TSAI had inquired all attending Directors on behalf of the chairperson, and the proposal was passed as proposed with consensus.

(III) The 19th meeting of the 20th session on June 22, 2022

Proposal for the renewal of contract with Shin-Kong Life Real Estate Service Co., Ltd.

After Director LIN, PO-FONG himself from the meeting, the chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.

(IV) The 22nd meeting of the 20th session on December 14, 2022

Proposal for the estimated limit to procure different giftboxes from Shinkong Textile in 2023

After Chairman WU, HSIN-HUNG recused himself from the meeting, Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on behalf of the chairperson; after inquiring all attending Directors on behalf of the chairperson, the proposal was passed as proposed with consensus.

(V) The 22nd meeting of the 20th session on December 14, 2022

Proposal for the estimated limit to procure uniforms and project products for the 60th anniversary from Shinkong Textile in 2023

Proposal for the estimated limit to procure different giftboxes from Shinkong Textile in 2023

After Chairman WU, HSIN-HUNG recused himself from the meeting, Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on behalf of the chairperson; after inquiring all attending Directors on behalf of the chairperson, the proposal was passed as proposed with consensus.

(VI) The 23rd meeting of the 20th session on March 7, 2023

Proposal for the increase in the volume and the reduction in the unit price of project products for the 60th anniversary in 2023

Chairman WU, HSIN-HUNG has interest in the proposal as he is a relative within the second degree of kinship with the chairman of the transaction counterparty and is the counterparty's vice president; therefore, he cannot join the discussion and voting for the proposal. After Chairman WU, HSIN-HUNG recused himself from the meeting, Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on behalf of the chairperson; after inquiring all attending Directors on behalf of the chairperson, the proposal was passed as proposed with consensus.

(VII) The 23rd meeting of the 20th session on March 7, 2023

Discussion of the proposal for the distribution of remuneration of Directors and remuneration of employees of the Company for 2022

Remuneration of employees (including the part of managers): After the chairperson inquired all attending Directors, the proposal was passed as proposed with consensus.

Remuneration of Directors: General Directors recused themselves as they have interest in the proposal. After Chairman WU, HSIN-HUNG, Vice Chairman SHIEH, MUNG-SHIUNG, Director CHANG, MAO-SONG, Director WU,TONG-SHENG, Director YANG, CHENG-BIN, Director WU, TONG-SHANG, Director LIN, PO-FONG, and Director HO, YING-LAN have recused themselves, Independent Director CHOU, HSIEN-TSAI had inquired all attending Directors on behalf of the chairperson, and the proposal was passed as proposed with consensus.

(VIII) The 24th meeting of the 20th session on April 14, 2023

Proposal for the nomination and review of Director (including Independent Director) candidate

For the Independent Director candidate list of the proposal, after Independent Director CHOU, HSIEN-TSAI had recused himself, the chairperson made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion. For the general Director list of the proposal, after Chairman WU, HSIN-HUNG, Vice Chairman HSIEH, MUNG-SHIUNG, Director WU, TUNG-SHANG, Director YANG, CHENG-BIN,

Director WU, TONG-SHANG, Director CHANG, MAO-SONG, Director LIN, PO-FONG, and Director HO, YING-LAN have recused themselves, Independent Director CHOU, HSIEN-TSAI acted on behalf of the chairperson and made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion.

III. Implementation status of board evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Description
Once every year	January 1, 2022 to December 31, 2022	Self-evaluation of the Board	Self-evaluation of Board members	Six major aspects: alignment of the goals and missions of the Company, awareness of the duties of a Director, participation in the operation of the company, management of internal relationship and communication, the Director's professionalism and continuing education, and Internal control
		Peer evaluation of the Board	Peer evaluation of Directors	
Once every year	January 1, 2022 to December 31, 2022	Functional committees (including Audit, Remuneration and Risk Management committees, Sustainable Corporate Development Committee)	Functional committees	Five major aspects: participation in the operation of the Company, awareness of the duties of the committee; Improvement of quality of decisions made by the committee, makeup of the committee and election of its members, and Internal control.

Evaluation results:The evaluation results of the Board and functional committees are all "Exceptional." The Board and functional committees are operating well as a whole, and each committee is fulfilling its duties to effectively enhance the functions of the Board.

IV. Evaluation of the objective for enhancing the functions of the Board of Directors (e.g., establishing an Audit Committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:

(I) After the shareholders' meeting on June 20, 2014 to re-elect the directors, the Audit Committee replaced the Supervisors.

(II) The Company's "Corporate Governance Best Practice Principles" was established on December 24, 2015, where Article 22 - 4 defines that the composition of board members shall be determined based on consideration of diversity in terms of gender, professional background, industry experience, etc. The current members of the Company's Board of Directors have the expertise and practical experience in business, law, finance, accounting, or insurance, and there are female Directors, which is in line with the aforementioned diversity policy.

(III) The "Standard Operating Procedures for Handling Directors' Requests" was approved at the 13th meeting of the 19th Board of Directors' Meeting on June 13, 2019, specifying that directors' requests should be able to receive assistance from the corporate governance officer to ensure that Board procedures and all applicable laws and regulations are complied with and that there is a good exchange of information among Board members and between directors and the managerial department.

(IV) On November 4, 2020, the Company amended the "Procedures for Board of Directors' Meetings of ShinKong Insurance Co., Ltd." to comply with the requirements for information disclosure under the corporate governance evaluation.

(V) On September 30, 2021, the Company amended its “ShinKong Insurance Co., Ltd. Rules of Procedure for Board of Directors Meetings” to specify the functions of the Chairman and allow relevant specifications to be more accurate.

(VI) Established the “Sustainable Corporate Development Committee” on September 30, 2021, to build the corporate culture of management operations and healthy risk control systems and improve sustainable corporate operations and development.

(VII) On March 9, 2022, the Company amended its “ShinKong Insurance Co., Ltd. Corporate Governance Best Practice Principles” to specify the control measures for transactions of internal stock and protect shareholders' rights to know and prevent insider trading.

(VIII) The Company amended the Company’s “ShinKong Insurance Co., Ltd. Procedures for Handling Material Inside Information and Preventing Insider Trading” to improve the procedures for information disclosure.

(IX) The Company’s "Board of Directors' Performance Evaluation Measures " specifies the items to be evaluated by the Directors and functional committees and the method of performance evaluation. The evaluation was conducted by means of questionnaires in 2022, and the average total evaluation result of the Directors' self-evaluation and peer evaluation was "exceptional," and the evaluation results of the Audit, Remuneration, Risk Management, and Sustainable

Corporate Development Committees were also "exceptional," which were submitted to the Board of Directors on March 7, 2023.

Note 1: If Directors and supervisors are institutions, the names of shareholders and the representative of the institutions shall be disclosed.

Note 2: (1) In the event that Directors or supervisors leave before a year is completed, the date when they leave should be indicated in the memo column. The actual attendance (seated) rate (%), on the other hand, shall be calculated by the number of Board of Directors meetings held during service and the frequency number of attendance (being seated) in the meetings.

(2) Before a year is completed, upon any re-election of Directors or supervisors, names of the said directors/supervisors, new and old, shall be listed, and it shall be specified in the remark column that a specific director or supervisor is old, new, or re-elected, and the date of re-election. The actual attendance (seated) rate (%), on the other hand, is to be calculated by the number of Board of Directors meetings held during service and the frequency number of attendance (being seated) in the meetings.

(II) Operation of the Audit Committee or Supervisors' Participation in the Board of Directors: The Audit Committee replaced the Supervisors after the Company re-elected its directors on June 20, 2014.

The operation of the Audit Committee

The Audit Committee has convened 8 meetings in the most recent year (A). The attendance of the Independent Directors is shown below:

Job title	Name	Number of actual attendees(B)	Attendance by proxy	Attendance rate (%) (B/A) (Note 1 and Note 2)	Remarks
Convener	CHOU, HSIEN-TSAI	8	0	100%	Newly appointed on 2020/06/20
Member	CHI, WEI-HSUEN	8	0	100%	Newly appointed on 2020/06/20
Member	TSAI-SHIH-CHI	7	0	88%	Newly appointed on 2020/06/20

Other notes:

I. Annual work focus of the Audit Committee:

1. Communication about the review of financial statements and key audit matters.
2. Audit and accounting policies and procedures.
3. Policies and procedures related to the internal control system.
4. Appointment, dismissal, or compensation, and independence of CPAs.
5. Legal compliance.

II. If the operation of the Audit Committee is under any of the following circumstances, the date, session, proposal content, resolution of the Committee and the Company's handling of the meeting of the Audit Committee, opposing opinions, qualified opinions, or significant recommendations of Independent Directors should be described:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Date/Term	Motion Content	Participation in Voting	Implementation Status
January 21, 2022 (15th meeting of the 3rd session)	Amendment to the "Regulations for Property Management" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution

March 9, 2022 (16th meeting of the 3rd session)	The 2021 financial statements of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	The proposal for earning distribution of the Company for 2021	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Performance of the evaluation of the effectiveness of the Company's internal control system in 2021	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the "internal control system" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Regulations for Engaging in Limited Partner Investment" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Procedures for Project Utilization, Public, and Social Welfare Business Investment" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the establishment of the "Regulations for the Preparation of Sustainability Report and	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved	Handled In accordance with the resolution

	Verification" of the Company	as proposed.	
	The 2021 business report of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Fees for appointing "Ernst & Young" for the certification of the Company's quarterly financial statements, annual taxation report, capital adequacy ratio statement, and the International Insurance Branch in 2022	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the procurement of employees' uniforms	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
April 15, 2022 (17th meeting of the 3rd session)	Proposal for the alteration of the Company's CPAs	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	The 2022 CPA's independence evaluation report for the appointment of Ernst & Young	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	The 2022 Q1 financial statements	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved	Handled In accordance with the resolution

		as proposed.	
	Proposal for the amendment to the "internal control system" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to "Standards for Screening Onshore Fund Management Institution by Foreign Private Placement Fund" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Procedures for Fully Fiduciary Discretionary Investment of Funds"	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Regulations for Property Investment and Management" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for partial adjustments to supervisors above the manager level due to business requirements	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
June 22, 2022 (18th meeting of the 3rd session)	Proposal for the amendment to the "Regulations for Transferring Repurchased Shares to Employees" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the renewal of contract with Shin-Kong Life Real	After the chairperson had inquired all attending Directors	Handled In accordance with the resolution

	Estate Service Co., Ltd.	about the proposal, the proposal was approved as proposed.	
August 17, 2022 (19th meeting of the 3rd session)	The 2022 interim financial statements of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "internal control system" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
November 9, 2022 (20th meeting of the 3rd session)	The 2022 Q3 financial statements of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Amendment to the "Shinkong Insurance Co., Ltd. Regulations for Transferring Repurchased Shares to Employees"	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
December 14, 2022 (21st meeting of the 3rd session)	The 2023 audit plan	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the internal control system of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Shin-Kong Life Regulations for Property Investment and	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved	Handled In accordance with the resolution

	Management"	as proposed.	
	Proposal for the estimated limit to procure different giftboxes from Shinkong Textile in 2023	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the estimated limit to procure uniforms and project products for the 60th anniversary from Shinkong Textile in 2023	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
March 7, 2023 (22nd meeting of the 3rd session)	The 2022 financial statements of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for earning distribution of the Company for 2022	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Performance of the evaluation of the effectiveness of the Company's internal control system in 2022	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Implementation results of the 2022 business plan of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal of the alteration of CPAs of the Company and the status of regular evaluation of CPAs' independence	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Fees for appointing "Ernst & Young" for the certification of the Company's quarterly	After the chairperson had inquired all attending Directors about the proposal, the	Handled In accordance with the resolution

	financial statements, annual taxation report, capital adequacy ratio statement, and the International Insurance Branch in 2023	proposal was approved as proposed.	
	Proposal for the amendment to the "internal control system" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	The total amount of the proposal for the increase in procurement quantity and the decrease in the unit price for project products of the 60th anniversary in 2023 has not exceeded the total amount formerly approved by the Board	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
April 14, 2023 (23rd meeting of the 3rd session)	The 2023 Q1 financial statements of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the "internal control system" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution
	Proposal for the amendment to the "Regulations for Transferring Repurchased Shares to Employees" of the Company	After the chairperson had inquired all attending Directors about the proposal, the proposal was approved as proposed.	Handled In accordance with the resolution

(II) In addition to the aforementioned proposals, other proposals without approval by the Audit Committee but passed by the Board with 2/3 of the Directors: none.

III. In the implementation of an Independent Director's recusal for being an interested party in a proposal, the Independent Director's name, the proposal content, the recusal reasons, and his or her participation in voting should be stated:

(I) The 24th meeting of the 20th session on April 14, 2023

Proposal for the nomination and review of Director (including Independent Director) candidate

For the Independent Director candidate list of the proposal, after Independent Director CHOU, HSIEN-TSAI had recused himself, the chairperson made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion. For the general Director list of the proposal, after Chairman WU, HSIN-HUNG, Vice Chairman HSIEH, MUNG-SHIUNG, Director WU, TUNG-SHANG, Director YANG, CHENG-BIN, Director WU, TONG-SHANG, Director CHANG, MAO-SONG, Director LIN, PO-FONG, and Director HO, YING-LAN have recused themselves, Independent Director CHOU, HSIEN-TSAI acted on behalf of the chairperson and made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion.

IV. Communication between Independent Directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc., should be included):

Date/Session	Communication method	Communication counterparty	Communication highlights	Communication results
January 21, 2022 (15th meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
March 9, 2022 (16th meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
		The Company's accounting officer and attesting CPAs	The Company's interim financial statements for 2021, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation
April 15, 2022 (17th meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
		The Company's accounting officer and attesting CPAs	The Company's Q1 financial statements for 2022, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation
June 22, 2022 (18th meeting of	Audit Committee	The Company's	Internal Audit Business Report	Handled in accordance with

the 3rd session)	meeting	chief auditor		the recommendation
August 17, 2022 (19th meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
		The Company's accounting officer and attesting CPAs	The Company's Q2 financial statements for 2022, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation
November 9, 2022 (20th meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
		The Company's accounting officer and attesting CPAs	The Company's Q3 financial statements for 2022, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation
14 December 2022 (21st meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
March 7, 2023 (22nd meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the recommendation
		The Company's accounting officer and attesting CPAs	The Company's Q4 financial statements for 2022, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation
April 14, 2023 (23rd meeting of the 3rd session)	Audit Committee meeting	The Company's chief auditor	Internal Audit Business Report	Handled in accordance with the

				recommendation
		The Company's accounting officer and attesting CPAs	The Company's Q1 financial statements for 2023, and discussion and communication on effects arising from updates to securities exchange laws and tax laws.	Handled in accordance with the recommendation

Note 1: In the event that Independent Directors leave before a year is completed, the date when they leave should be indicated in the memo column. The actual attendance (seated) rate (%), on the other hand, shall be calculated by the number of Audit Committee meetings held during service and the frequency number of attendance (being seated) in the meetings.

Note 2: Before the end of the year, if there was an election of Directors and supervisors, the names of new and former Directors and supervisors should be filled in, and the Company should remark in the remarks section whether the Directors and supervisors are former, newly elected, or reelected, as well as the day of the reelection. The actual attendance rate to committee session (%) shall be calculated on the basis of the number of sessions held by the Audit Committee in such period and the attendance in person in the sessions.

IV. The performance of corporate governance and the differences with the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies" and the reasons for the differences

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
1. Does the Company establish and disclose the Corporate Governance Best Practice Principles pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has formulated the "Corporate Governance Best Practice Principles of ShinKong Insurance Co., Ltd." with reference to the "Corporate Governance Best Practice Principles for Insurance Companies" and the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed it on the Company's website, the Market Observation Post System of the Stock Exchange and the Market Observation Post System of the Insurance Industry in accordance with the regulations.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
2. The shareholdings structure and shareholders' equity of the Company				
(1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		The Company's spokesperson or acting spokesperson or the relevant units will communicate and handle any suggestions or questions from shareholders. An "Investor Service Window" is available on the Company's website, and a "Shareholder Mailbox" is available on the Market Observation Post System, where shareholders can provide comments or suggestions.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
(2) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	V		The Company has relevant personnel to manage relevant information and has appointed a professional stock affairs agency to provide the latest information.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
(3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		1. The Company has a risk management department to identify the risks faced by the Company, assess and monitor the Company's risk appetite, and the current status of risk exposure, establish an independent risk management process, and monitor compliance with the risk management process to determine risk response strategies. 2. The Company has also established a risk management committee under the Board of Directors, with independent directors as conveners, to report to the Board of	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
			Directors on risk management operations on a regular or irregular basis, and the Board of Directors has approved the establishment of a Chief Risk Officer to oversee the Company's risk management operations. 3. According to the definition of affiliates in Chapter 6-1 of the Company Act, the Company does not have any affiliates. The Company has established relevant regulations such as "Procedures for Acquisition or Disposal," "Policies for Transactions Other than Lending with Interested Parties," "Specifications for Transactions Other than Lending with Interested Parties," and "Procedures for Transactions Other than Lending with Interested Parties" for compliance.	Companies"
(4) Will the Company set up internal norms to prohibit insiders from utilizing undisclosed information to trade securities?	V		The Company has established the "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading" to ensure the consistency and accuracy of information released to the outside world in order to strengthen the prevention of insider trading and requires Directors, managers and employees who have knowledge of the Company's internal material information not to disclose the internal material information they know to others. In case of non-compliance, legal liabilities will be pursued through relevant channels. In 2022, a total of five sessions were conducted for the Company's management through the internal education and training system E-learning to promote integrity.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
3. Organization of the Board of Directors and its duties				
(1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		1. The Company's "Corporate Governance Best Practice Principles" addresses diversity in the composition of the Board of Directors and sets appropriate diversity guidelines for its operations, business model and development needs, as well as the knowledge, skills and education necessary to perform its duties. In practice, the current members of the Company's Board of Directors have the expertise and practical experience in business management, law, finance, accounting, or insurance. Among the 11 Directors, 3 of them are Independent Directors, accounting for 27% of the total number of Directors; the gender ratio of the Board of Directors is 91% male and 9% female. The Board of Directors is elected in accordance with the Company's Articles of Incorporation and the Procedure for Election of Directors for a term of three years, and the average age of all Directors is 67. This is in line with the diversity policies previously mentioned. 2. According to the "Corporate Governance Best Practice Principles," members of the Board of Directors shall, in general, possess the knowledge, skills, and literacy	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
			required for the execution of their duties. The Company's board of directors shall provide instructions regarding corporate strategies, supervise the management, and be responsible for the Company and its shareholders. Regarding the operations and arrangements for the corporate governance system, the Board of Directors shall ensure that it exercises its duties according to laws and regulations, requirements under the Articles of Incorporation, or resolutions made by the shareholders' meeting.	
(2) Will the Company, apart from establishing the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?	V		In addition to the Audit Committee and Salary and Remuneration Committee, as required by law, the Company has also established a Risk Management Committee and Sustainable Corporate Development Committee. 1. The Audit Committee operates for the primary purpose of overseeing the following. (1) Fair presentation of the Company's financial statements. (2) The selection (dismissal) and independence and performance of the attesting CPAs. (3) Effective implementation of the Company's internal control. (4) The Company's compliance with the relevant laws and regulations. (5) The management and control of existing or potential risks of the company. 2. Control of existing or potential risks of the Company. The responsibilities of the Remuneration Committee: The Remuneration Committee shall faithfully perform the following duties and responsibilities with the attention of a good manager and recommend to the Board of Directors the remuneration plan for the Directors and managers of the Company in order to establish a remuneration policy to attract, motivate and retain talents, and submit the recommendations to the Board of Directors for discussion. (1) Establish and regularly review the system, standards and structure of performance evaluation and remuneration for Directors and managers. (2) Regularly review the remuneration of Directors and managers and determine it based on the evaluation results by the performance evaluation criteria. 3. The responsibilities of the Risk Management Committee are as follows. (1) Formulate risk management policies, structure and organizational functions, establish qualitative and quantitative management standards, report regularly to the Board of Directors, respond to the Board of Directors on the implementation of risk management in a timely manner, and make necessary recommendations for improvement. (2) Execute the risk management decisions of the Board of Directors and regularly review the development, establishment and implementation effectiveness of the overall risk management mechanism of the Company. (3) Assist and supervise the risk management activities of each department.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
			(4) Adjust the risk category, risk limit allocation and commitment method according to the changing environment. (5) Coordinate cross-departmental interaction and communication of risk management functions. (6) Authorize the risk management unit to handle matters when other units violate the risk limit. 4. Sustainable Corporate Development Committee: To comply with the prospects and missions of the Company's ESG policies, the "Sustainable Corporate Development Committee" was established in September 2021 to replace the original "Ethical Management and CSR Promotion Team," and the Committee is included as one of the functional committees governed by the board of directors. The Committee is the sustainable development decision-making center of the highest level within the Company; there are three Directors who are the members of the Committee, and at least 1/2 of them are Independent Directors; the President is the more senior management, who jointly examines the core operating capacity of the Company with senior management from different fields, and establishes and promotes sustainable development plans.	
(3) Does the Company establish a method to evaluate Board performance and evaluate board performance every year? Are the performance evaluation results reported to the Board and used as a reference for the remuneration and nomination for the re-election of Directors?	V		In accordance with the "Board of Directors' Performance Evaluation Measures" of the Company. Evaluation cycle and period: The Board of Directors of the Company performs an internal performance evaluation at the end of each year. Evaluation indicators: Performance evaluation items for Board members (self or peer) include the six major aspects with eight to nine indicators: Alignment of the goals and mission of the Company, Awareness of the duties of a Director, Participation in the operation of the Company, Management of internal relationship and communication, Professionalism and continuing education of the Directors, and internal control. Performance evaluation items for functional committee members include the five major aspects: participation in the Company's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control. Each committee has about 14-20 indicators. Evaluation procedures: The performance evaluation of the previous year is conducted at the end of each year based on various indicators, and the evaluation results are	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">The state of operation (Note)</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them</th></tr>
<tr><th>Yes</th><th>No</th><th>The state of operation</th></tr>
<tr><td></td><td></td><td></td><td>completed before the end of the first quarter of the following year and sent to the Board of Directors for review and improvement and used as a reference for Individual Directors' salary and remuneration and the nomination for reappointment.
Evaluation result: The results of self-evaluation and peer evaluation for 2022 were both "exceptional," and the Board of Directors was well run overall, effectively enhancing the functions of the Board of Directors.</td><td></td></tr>
<tr><td>(4) Will the Company have the independence of the public accountant evaluated regularly?</td><td>V</td><td></td><td>In order to comply with the law, the independence of the certified public accountants is evaluated on a regular basis every year, with reference to the accountants' resumes and the "Statement of Independence" provided by the certified public accountants, and the evaluation is conducted in accordance with the "CPA Independence Evaluation Criteria" of the Company, and the evaluation results were submitted to the Audit Committee and the Board of Directors for approval on March 7, 2023.</td><td>Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</td></tr>
<tr><td>4. Where the Company is a listed or OTC company, has the Company arranged competent and adequate personnel and designated officers to take responsibility for corporate governance matters (including but not limited to providing directors and supervisors with the documents needed for implementation of their duties, assisting Directors and supervisors in complying laws and regulations, dealing with matters of Board and shareholder meetings, and preparing Board and shareholders’ meeting minutes)?</td><td>V</td><td></td><td>The Company's Board of Directors resolved on December 20, 2018 to appoint Manager CHANG, PAO-KUEI as our corporate governance officer to strengthen the functions of the Board of Directors. Manager CHANG, PAO-KUEI has at least three years of experience in financial management in public companies. The main duties of the corporate governance staff are to conduct Board of Directors and shareholders' meeting-related matters in accordance with the law, prepare meeting minutes for Board meetings and shareholders’ meetings, assist Directors and supervisors in on-boarding and continual education, provide information necessary for the directors to perform their duties, and assist the Directors in complying with laws and regulations. In 2022, 12 hours of training courses were completed on corporate governance topics.
<table>
<tr><th>Course organizer</th><th>Course name</th><th>Training hours</th></tr>
<tr><td>Taiwan Insurance Institute</td><td>Transformation Opportunities to Connect to IFRS17</td><td>3</td></tr>
<tr><td>Taiwan Insurance Institute</td><td>Improve Functions of the Board of Directors</td><td>3</td></tr>
<tr><td>Insurance Bureau,</td><td>Insurance Industry Corporate Governance</td><td>5</td></tr>
</table></td><td>Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</td></tr>
</table>

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<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Financial Supervisory Commission</td><td>Seminar in 2022</td><td></td></tr>
<tr><td>Securities and Futures Institute</td><td>Promotion of Compliance with Insider Equity Transaction Laws and Regulations in 2022</td><td>3</td></tr>
</table>

The implementation of the work for 2022 is as follows:
(1) The Board of Directors is regularly informed of the latest development of laws and regulations related to the Company's business areas and corporate governance.
(2) Review the level of confidentiality of relevant information and provide the Company information required by the Directors, and maintain smooth communication and exchange between the Directors and business executives.
(3) In accordance with the Corporate Governance Best Practice Principles, the Independent Directors shall assist in arranging meetings with the internal auditors or certified public accountants when necessary to understand the Company's finance and business matters.
(4) Assist Independent Directors and regular Directors in preparing annual education plans and arranging courses.
(5) Handle matters related to the Board of Directors' meetings, including the provision of information necessary for the Directors to conduct business, the scheduling of agendas, the sending of meeting notices, the preparation of minutes, and the preparation of the annual plan of the Board of Directors for the following year to facilitate the meeting proceedings.
(6) Handle matters related to shareholders' meetings, such as notice of meetings, preparation of meeting handbook and minutes, a compilation of annual reports of shareholders' meetings, and filing of relevant information.
(7) Organize the performance evaluations for the overall Board of Directors and individual Directors and submit the evaluation results to the Board of Directors for reporting so as to examine and improve.
In order to improve the management of corporate social responsibility, the Company has established the "Sustainable Corporate Development Committee," which is responsible for proposing and implementing corporate responsibility policies, systems or related management guidelines and specific promotion plans, and reporting to the Board of Directors on a regular basis. The members and responsibilities of the Sustainable Corporate Development Committee are disclosed on the Company's</td><td></td></tr>
</table>

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
			official website (https://www.skinsurance.com.tw) for investor information.	
5. Does the Company establish a communication channel for the stakeholders (including but not limited to shareholders, employees, customers and suppliers) and set up a stakeholder section on the Company's website with proper responses to the concerns of the stakeholders on issues related to corporate social responsibility?	V		The Company's spokesperson or acting spokesperson or the relevant units will communicate and handle any suggestions or questions from stakeholders. An "Investor Service Window" is available on the Company's website, and a "Stakeholder Section" is available on the Market Observation Post System, where shareholders or stakeholders can provide comments or suggestions.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
6. Does the Company commission a professional stock service agent to handle shareholders' affairs?	V		The Company appointed Taishin Securities Co., Ltd.'s stock affairs department to administer the shareholders' meeting.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
7. Information disclosure				Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
(1) Does the Company have a website setup, and is the financial business and corporate governance information disclosed?	V		The Company's website (http://www.skinsurance.com.tw) discloses financial and business-related information, including investor information, rules and regulations, and financial reports, in accordance with the "Regulations Governing Public Disclosure of Information by Non-Life Insurance Enterprises." The Company also publishes material information and corporate governance-related information on the "Market Observation Post System" in accordance with the regulations so that investors or policyholders can keep track of the Company's financial, business and corporate governance-related information.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
(2) Has the Company adopted other information disclosure methods (such as establishing an English website, designating a responsible person for	V		1. The Company appoints designated personnel to be responsible for the disclosure and announcement of information on the Company's website and Market Observation Post System.	Consistent with the provisions of the "Corporate Governance

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
collecting and disclosing information about the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?			2. The "Investor Service Window" and "Stakeholder Section" are set up on the Company's website, and the contact information for the Company's spokesperson and the Investor Service Window is provided. 3. The Company holds earnings calls and corporate briefings, and financial information is posted on the Company's corporate website after the meeting.	Best Practice Principles for TWSE/TPEx Listed Companies"
(3) Will the company announce and declare the annual financial report within two months after the end of the fiscal year? Will the company announce and declare the Q1, Q2, and Q3 financial reports, along with the monthly operating reports, before the prescribed deadline?		V	The Company's financial reports are declared and published according to the time stated in regulations. The Q1 and Q3 reports, interim reports, and annual reports are declared and published within 75 days from the 2022 fiscal year, two months, and three months, respectively. According to the current operation Company, the Company has not published and declared its financial reports in advance.	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
8. Is there any further information that may help to understand the status of corporate governance of the Company better (including but not limited to employees' rights, employee care, investor relation, supplier relation, stakeholders' rights, the continuing education of the Directors and Supervisors, risk management policy and risk assessment in action, the pursuit of customer policy, and the protection of the Directors and Supervisors with professional liability insurance)?	V		1. Employee rights and benefits: The Company has always treated its employees with honesty and trust and protected their legal rights and benefits in accordance with the Labor Standards Act. The relevant rights and measures are detailed in "Five, Operation Overview, V Labor Relations." 2. Employee care: We establish a good relationship of mutual trust and dependence with our employees through a welfare system and a good education and training system that provide stability to their lives. 3. Investor relations: The spokesperson and the dedicated staff are responsible for handling the matter. In order for investors to understand the company's operation, the Company discloses relevant management information in accordance with the law. 4. Supplier relations: The Company has a good relationship with our suppliers because we regularly evaluate each vendor for general business purchases to achieve the purpose of user units. 5. Rights of Stakeholders: The Company has set up an "Investor Service Window" and "Stakeholder Section" on the Company's website and provided a "Shareholder Mailbox" on the Market Observation Post System to protect the legitimate rights and interests. 6. Directors' continuing education: The Company actively encourages its Directors to	Consistent with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation item	The state of operation (Note)			Differences from the Corporate Governance Best Practice Principles for insurance companies and the reasons for them
	Yes	No	The state of operation	
			pursue further education to enhance their professionalism. 7. Implementation of risk management policies and risk measurement standards: Various internal rules and regulations are established in accordance with the law to conduct various risk management and evaluation. 8. Implementation of customer policy: The Company has a customer section on its website and provides a customer complaint hotline and a claims service hotline to maintain a smooth communication channel with customers. 9. The Company purchases liability insurance for Directors. The Company has taken out Directors' and supervisors' liability insurance for 2022 and has reported the insurance amount, coverage and premium rate to the Board of Directors and disclosed the information on the Market Observation Post System. We also actively encourage our directors to attend corporate governance courses and lectures from time to time.	
9. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: The service term of the Company's 20th Independent Directors will not exceed three terms. In order to establish a corporate culture of ethical corporate management and good risk control mechanism for the sustainable operation and development of the Company, the Company conducts an ethical management risk assessment for the governance personnel, management, and responsible departments. Starting in 2021, the Sustainable Corporate Development Committee was established, which is a functional committee subordinated to the board of directors. The financial report, annual report to the shareholders' meeting and other information for 2021 is provided in both Chinese and English to realize information equality for shareholders. We disclosed the operation of the Remuneration Committee in 2022 and established the management development plan of the Company in 2023. In the future, the Company will maintain effective corporate governance mechanisms and implement transparency of information disclosure and enhancement of shareholders' rights.				

Note 1: Diversity in the composition of the Board of Directors

Item of diversification	Basic composition									Industry experience					Expertise				
	Nationality	Gender	Concurrently an employee of the Company	Age			Tenure as an Independent Director			Finance and insurance	Manufacture and sales	Law and institution	Education and art	Tourism and F&B	Technology application	Finance and accounting	Law professional	IT	Business administration
				Below 50	50 to 70	Above 70	Less than three years	Three to nine years	Over nine years										
Chairman WU, HSIN-HUNG	Taiwan	Male		V						V	V					V			V
Vice Chairman SHIEH, MUNG-SHIUNG	Taiwan	Male				V				V			V						V
Director WU,TONG-SHENG	Taiwan	Male			V					V	V						V		V
Director YANG, CHENG-BIN	Taiwan	Male			V					V	V				V			V	V
Director WU,TONG-SHANG	Taiwan	Male				V				V									V
Director CHANG, MAO-SONG	Taiwan	Male				V				V				V					V
Director LIN, PO-FONG	Taiwan	Male			V					V					V			V	V
Director HO, YING-LAN	Taiwan	Female	V		V					V	V					V	V		V
Independent Director CHOU, HSIEN-TSAI	Taiwan	Male			V		V			V						V	V		V
Independent Director TSAI-SHIH-CHI	Taiwan	Male			V		V			V		V					V		V
Independent Director TSAI-SHIH-CHI	Taiwan	Male				V	V			V							V		V

Note 2: CPA independence evaluation criteria (Accounting Department)

Item No.	Item	Status of independence
1	Whether the CPA has no direct or material indirect financial interest in the Company	■Yes □ No
2	Whether the CPA is currently or within the last two years a Director, supervisor or manager of the Company or has a significant influence on the Company	■Yes □ No
3	Whether there is any joint investment or benefit-sharing relationship between the CPA and the Company	■Yes □ No
4	Whether the engagement of the CPA with the Company has exceeded seven consecutive years	■Yes □ No

Continuing education of Directors in 2022

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
Chairman	WU, HSIN-HUNG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/10/28	Securities and Futures Institute	Promotional Session for Prevention of Insider Trading in 2022	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/08/08	Corporate Organization Association	Global Trend and Business Opportunities of Low-carbon Economy and Low-carbon Corporate Innovation	3	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Vice Chairman	HSIEH, MUNG-SHIUNG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	10.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/10/14	Securities and Futures Institute	Promotional Session for Prevention of Insider Trading in 2022	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/07/13	Taiwan Stock Exchange	Promotional Session of Industrial Subjects for the Sustainable Development Roadmap	2	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Director	WU, TUNG-SHANG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	9.5
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/11/07	Corporate Organization Association	Trends of ESG, Global Tax System Reformation for the Pandemic, and Corporate Taxation Governance	3	
		2022/08/08	Corporate Organization Association	Global Trend and Business Opportunities of Low-carbon Economy and Low-carbon Corporate Innovation	3	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
Director	WU, TONG-SHANG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/08/24	Securities and Futures Institute	Latest Development Trend and Countermeasures for International Carbon Border Tax	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/02/22	Securities and Futures Institute	Competition for Corporate Ownership and Introduction to Commercial Case Adjudication Act	3	
		2022/01/21	ShinKong Insurance Co.,	Seminar for the Case Sharing Principle of	1	

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
			Ltd.	Treating Customers Fairly for the Board		
Director	YANG, CHENG-BIN	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/03/18	Taiwan Corporate Governance Association	Change the World with Investments – Effective Investment and SDGs Implementation	3	
		2022/03/15	Taiwan Corporate Governance Association	Awareness for Legal Responsibility of Malpractices of Enterprises and Trial of Criminal Cases by the Court	3	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Director	LIN, PO-FONG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	16.5
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/05/11	Taiwan Securities Association	Financial Malpractice and Prevention Methods	3	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/04/12	Taiwan Corporate Governance Association	Discussion of How to Effectively Maintain Brand Value by Enterprises from the Recent Renowned Trademark Case	3	
		2022/03/23	Taiwan Independent Director	Information Safety Protection, Strategy, and Crisis	3	

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
			Association	Management from the Feverish Trend of Metaverse		
		2022/02/24	Taiwan Securities Association	Development of the New Business Pattern of Metaverse and Market Analysis	3	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Director	HO, YING-LAN	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/10/27	Taiwan Insurance Institute	IFRS17 Competition Blueprint and Sustainable Development	3	
		2022/08/25	Securities and Futures Institute	Introduction to Swing Trade by Insiders of Companies and Cases Analysis	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Director	CHANG, MAO-SONG	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	13.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/10/28	ShinKong Insurance Co., Ltd.	Money-laundering Prevention Risk Control for the Insurance Industry	3	
		2022/10/14	Securities and Futures Institute	Promotional Session for Prevention of Insider Trading in 2022	3	

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/07/07	Taiwan Stock Exchange	Promotional Session of Industrial Subjects for the Sustainable Development Roadmap	2	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Independent Director	TSAI-SHIH-CHI	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	10.5
		2022/12/06	Taiwan Corporate Governance Association	How to Understand Financial Reports to Help Control Corporate Operations	3	
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/11/08	Taiwan Corporate Governance Association	New Level of Corporate Governance – Establishment of Enterprises with Ethical Corporate Management	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Independent Director	CHOU, HSIEN-TSAI	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/09/27	Taiwan Corporate Governance Association	How to Interpret and Use AQI for Audit Committees	3	
		2022/09/02	Taiwan Corporate	Establishment and Operation of Audit Committees	3	

Job title	Name	Date	Organizer	Course name	Training hours	Total continuing education hours of the year
			Governance Association			
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	
Independent Director	CHI, WEI-HSUEN	2022/12/14	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	11.0
		2022/11/09	ShinKong Insurance Co., Ltd.	IFRS17 Educational Training Program	1.5	
		2022/10/21	Securities and Futures Institute	Promotional Session for Prevention of Insider Trading in 2022	3	
		2022/10/05	Taiwan Insurance Institute	How to Realize Protection of Senior Consumers by Board of Directors	3	
		2022/08/18	ShinKong Insurance Co., Ltd.	Ethical Conduct Risk Control and Accountability System	0.5	
		2022/04/15	ShinKong Insurance Co., Ltd.	Sharing of Net-zero Emission Trend in the Financial Industry	0.5	
		2022/01/21	ShinKong Insurance Co., Ltd.	Seminar for the Case Sharing Principle of Treating Customers Fairly for the Board	1	

(IV) The composition, duties and operations of the Compensation Committee.

(1) Information on the members of the Remuneration Committee

By identity (Note 1)	Criteria / Name	Professional Qualification and Experience (Note 2)	Status of independence (note 3)	Number of other public companies where the member is also a member of their remuneration committees
Independent Director	CHOU, HSIEN-TSAI	Held the positions as the senior vice president, chief auditor, and chief of finance of the Company, with a year of experience totaling 36 years. Possess professional qualifications and experiences related to corporate governance, legal expertise, and finance and accounting. Please refer to the content related to the information of directors and supervisors on page 17.	The independent director is not a spouse or a relative within the second degree of kinship with other directors, does not concurrently hold any position in the Company and its affiliates, and has no compensation related to the provision of business, legal, financial, and accounting services to the Company or its affiliates for the past two years.	None
Independent Director	CHI, WEI-HSUEN	Held the position as the executive vice president of the Company, with a year of experience totaling 22 years. Possess professional qualifications and experiences related to finance and insurance practices, legal expertise, and business management. Please refer to the content related to the information of directors and supervisors on page 17.	The independent director is not a spouse or a relative within the second degree of kinship with other directors, does not concurrently hold any position in the Company and its affiliates, and has no compensation related to the provision of business, legal, financial, and accounting services to the Company or its affiliates for the past two years.	None
Other	KANG, MING-YUEH	Held the position as the director of the operating units of the Company, with a year of experience totaling 34 years. Possess professional qualifications and experiences related to finance and insurance practices and business management.	The independent director is not a spouse or a relative within the second degree of kinship with other directors, does not concurrently hold any position in the Company and its affiliates, and has no compensation related to the provision of business, legal, financial, and accounting services to the Company or its affiliates for the past two years.	None

Note 1: Please specify the relevant years of working experience, professional qualification, experiences, and independence status of members of the Remuneration Committee; for independent directors, please make notes to refer to relevant content in Schedule 1 Information of Directors and Supervisors (I) on page [*]. Please specify the identity of the independent director or others (please make remarks regarding the convener).

Note 2: Professional qualification and experience: Describe the professional qualification and experiences of individual members of the Remuneration Committee.

Note 3: Status of independence: Describe the status of independence of members of the Remuneration Committee, including but not limited to whether itself, its spouse, or any relative within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates, the number of shares held by and shareholding of itself, its spouse, or any relative within the second degree of kinship (or in the name of others), whether it is a Director, supervisor, or employee of a company with the specific relationship with the Company (please refer to requirements under subparagraphs 5 to 8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the amount of compensation obtained from the Company or its affiliates for the provision of business, legal, financial, and accounting services for the past two years

Note 4: For the disclosing methods, please refer to the sample on the website of TWSE Corporate Governance Center.

(2)Duties of the Remuneration Committee

Evaluate the remuneration policies and systems of the Company's directors, supervisors and managers in a professional and objective manner, and make recommendations to the Board of Directors for their reference in making decisions.

(3)The operation of the Remuneration Committee

I. There are 3 members of the Remuneration Committee of the Company.

II. The term of office of the current members: June 22, 2020 to June 19, 2023, the most recent annual Remuneration Committee met three times (A), and the qualifications and attendance of the members are as follows

Job title	Name	Number of actual attendees(B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	CHOU, HSIEN-TSAI	3	0	100%	Newly appointed upon re-election on 06/22/2020
Committee member	CHI, WEI-HSUEN	3	0	100%	Newly appointed upon re-election on 08/19/2020
Committee member	KANG, MING-YUEH	3	0	100%	Re-appointed upon re-election on 06/22/2020
Other notes: I. If the Board of Directors rejected or revised the recommendation presented by the Remuneration Committee, specify the date, the series of the session, the content of the motions, the resolutions of the Board of Directors and the response of the Company to the opinions of the Remuneration Committee (like the remuneration package passed by the Board of Directors is at a higher level than the recommendation presented by the Remuneration Committee, specify the difference and the reason): Not applicable. II. If a particular member holds an adverse opinion or qualified opinion on the resolution of the Remuneration Committee on record or in written declarations, specify the date, the series of the session, the content of the motion, the opinions of all members and the responses to the opinions of the members: Not applicable.					

Note: (1) In the event that Remuneration Committee members leave before a year is completed, the date when they leave should be indicated in the memo column. The actual attendance (seated) rate (%), on the other hand, shall be calculated by the number of Remuneration Committee meetings held during service and the frequency number of attendance (being seated) in the meetings.

(2) If there was an election of new members for the Remuneration Committee before the end of the fiscal year, fill in the information on the former and the new members, and specify if the members are newly elected to office or reelected for a second term of office, and the date of the election. The attendance rate to committee sessions (%) shall be calculated on the basis of the number of sessions held in such period and the actual number of presence in the sessions.

(V) Execution status for the promotion of sustainable development and differences with the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for the differences

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
1. Has the Company established the governance structure for promoting sustainable development and set up a full-time (part-time) unit to promote corporate social responsibility, together with senior management authorized by the Board of Directors to handle related matters and report to the board on the handling of the matters?	V		To comply with the prospects and missions of the Company's ESG policies, the "Sustainable Corporate Development Committee" was established in September 2021 to replace the original "Ethical Management and CSR Promotion Team," and the Committee is included as one of the functional committees governed by the board of directors. The Committee is the sustainable development decision-making center of the highest level within the Company; there are three Directors who are the members of the Committee, and at least 1/2 of them are Independent Directors; the President is the more senior management, who jointly examines the core operating capacity of the Company with senior management from different fields, and establishes and promotes sustainable development plans. The "Sustainable Corporate Development Committee" regularly reports to the Board regarding the implementation of sustainable development. Two meetings were held in 2022, and the content of the proposals included (1) the implementation of sustainable development in the preceding year and (2) the implementation progress of the year. The Board of the Company regularly listens to the report on the implementation of sustainable development, examines the content of reports, makes proposals for discussions, and procures the management team to make adjustments when necessary.	Consistent with the provisions under the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies.
2. Does the Company perform risk assessments with respect to the environmental, social, and corporate governance issues related to the business operation of the Company based on the materiality principle and establish relevant risk management policies or strategies? (Note 2)	V		The Company has its Sustainable Corporate Operation Committee in place that carries out relevant risk evaluations according to the level of attention attached by stakeholders and significant issues of environment, social responsibility, and corporate governance and prepares risk management policies and countermeasures. The Company implements relevant risk evaluations based on the material principles of corporate social responsibility and establishes relevant strategies	Consistent with the provisions under the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies.

<table>
<tr><th rowspan="2">Promoting item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summarized explanation</th></tr>
<tr><td></td><td></td><td></td><td>based on the evaluated risks as follows:
<table>
<tr><th>Major issues</th><th>Risk assessment items</th><th>Risk management</th></tr>
<tr><td>Environment</td><td>Environmental Protection and Sustainable Development</td><td>To effectively achieve energy-saving and carbon dioxide reduction, the Company proactively strives to introduce ISO14001 Environmental Management System Certification and ISO14064-1 Greenhouse Gas Inventory Check Standards as the standard specifications for ShinKong Insurance to promote energy-saving and carbon dioxide reduction.
The environmental protection and sustainable development policies of the Company are as follows:
1. Practice waste reduction and resource reuse diligently.
2. Evaluate risks and opportunities regarding climate change from regulations and natural disasters and regularly disclose the GHG emissions in ESG reports.</td></tr>
<tr><td rowspan="2">Society</td><td>Information security</td><td>The Company has implemented the ISO/IEC27001 Information Security Management System (ISMS) and established over 300 security control items, including network infrastructure management, system development and design, security control mechanism, e-commerce system development and maintenance, server room activity management, and implementation of standard operating procedures. The e-business system and server room network facilities have been verified by the British Standards Institute (BSI), effectively achieving the goals of no leakage of personal information, protecting customer privacy, and improving the organization's risk control capability.</td></tr>
<tr><td>Employment relationship</td><td>Continue managing communication with employees and implement the idea of sustainability internally and externally.</td></tr>
<tr><td rowspan="3">Corporate governance</td><td>Ethical management</td><td>The Company has established its Ethical Management Best Practice Principles, regularly carries out educational training and communication, and executes risk assessments related to ethical behaviors annually.</td></tr>
<tr><td>Stakeholder communication</td><td>The external website of the Company has a stakeholder section that provides contact channels and methods for stakeholders to communicate with the Company.</td></tr>
<tr><td>Legal Compliance</td><td>1.Implement the internal control system through the establishment of a corporate governance organization, enhance educational training, and ensure all personnel of</td></tr>
</table></td><td></td></tr>
</table>

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
			the Company duly comply with relevant regulations. 2.We regularly report the summary of changes in laws and regulations at board meetings.	
3. Environmental issue				Consistent with the provisions under the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies.
(1) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(1) The issue of climate change should be faced and solved by all human beings together. As a member of the financial insurance industry, the Company refers to the policy ISO 14001 environmental management system.	
(2) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that are with low impact on environmental impacts?	V		(2) The Company selects suppliers or outsourced contractors in accordance with the procurement regulations and relevant rules or tenders and never selects a specific vendor; for toner cartridges, paper and other raw materials and equipment used, the Company gives priority to those with environmental labels, water conservation labels, green building materials labels, or green commodities that are recognized by the Environmental Protection Agency as meeting the conditions of recyclable materials, low pollution or energy saving.	
(3) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues?	V		(3) Climate change-related risks continue to rank high in the top 5, and Taiwan is a high-risk area for natural disasters, so the promotion of earth science knowledge is a matter of urgency. ShinKong Insurance Co., Ltd., which is actively involved in disaster prevention-related research and development, has joined hands with the “Decade of Education and Culture” learning platform, combining many experts and scholars from top universities, Academia Sinica, and the Industrial Research Institute to launch the "Great Earth Institute," hoping to spread relevant knowledge through interactive online teaching, and then take root downward.	
(4) Did the Company produce statistics on GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for energy conservation, carbon reduction, GHG reduction, water conservation, and waste management?	V		(4) 1. Energy use data inventory For ShinKong Insurance Co., Ltd., purchased electricity is the only important type of energy consumption. In 2022, the GHG emission of the Taipei operation headquarters was 962.63kg CO2e/person, and a total of 828,353kWh of purchased electricity was consumed; the GHG emission of branches was 786.95kg CO2e/person, and a total of 1,836,741 kWh of purchased electricity was consumed.	

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
			In 2021, the GHG emission of the Taipei operation headquarters was 844.21kg CO2e/person, and a total of 731,426kWh of purchased electricity was consumed; the GHG emission of branches was 918.22kg CO2e/person, and a total of 2,260,802 kWh of purchased electricity was consumed. The Company does not forget its responsibility as a corporate citizen, urges itself to cherish every single drop of electricity from the smallest detail, and adjusts the operation of the air-conditioning and chilled water mainframe mechanically in response to changes in weather temperature to reduce carbon dioxide emissions. 2. Water Resources Data Inventory The head office of ShinKong Insurance is located in a commercial area and uses water from the local waterworks, which has no significant impact on the water supply. There is no wastewater recycling system in the building. The discharge of wastewater complies with the regulations of the local authorities, and in cooperation with the construction of sewerage in Taipei City, the internal sewerage is rebuilt without polluting the local environment and rivers, and there are no major leaks. In 2022, the water consumption of the Taipei operation headquarters was 8,620 m^3, and the total water consumption of branches was 20,271 m^3. In 2022, the water consumption of the Taipei operation headquarters was 7,223 m^3, and the total water consumption of branches was 16,401 m^3. ShinKong Insurance Co., Ltd. will keep in mind that "if you have water, you should think about the pain of not having water" and will do a good job of saving water in all aspects in order to effectively reduce the use of water resources in the next year. 3. Regarding waste, the headquarters of ShinKong generated 42.76 tons, 42.21 tons, and 55.045 tons of garbage in 2020, 2021, and 2022, respectively. In response to the potential risks of climate change at present and in the future, the Company reinforced and duly implemented garbage categorization. 4. Measures to achieve the objective of energy-saving and carbon	

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
			dioxide reduction: 1. Air conditioning energy-saving measures: (1)Add or make replacements with environmental-friendly air conditioning equipment with high energy efficiency. (2)Regularly examine, repair, and maintain the air conditioning system and clean the air screen, cooling tower, cooling pipes, and the heat exchanger of air conditioner units to maintain the efficacy of the equipment. (3)Adjust air conditioners to appropriate temperatures according to seasons. 2. Lighting energy-saving measures: (1)Replace damaged and power-consuming lighting and adopt environmental-friendly and energy-saving lighting. (2)Promote and cultivate employees' habit of turning off lights when not in use. 3. Office machine and other energy-saving and carbon dioxide reduction measures: (1)Use environmental-friendly and energy-saving products when purchasing computers and printers. (2)Allow computers/office machines to enter the idle mode when not in use for a certain period of time to reduce the power losses during standby time (3)Before leaving work every day, all departments shall confirm that the power of all appliances is switched off. 5. Actively cooperate with the government to promote energy-saving and carbon-reduction policies and implement "summer energy-saving" activities by setting summer clothing regulations and air-conditioning temperature setting standards. In order to fulfill our global citizenship and corporate social responsibility, we are committed to energy-saving and carbon dioxide reduction actions, comply with relevant laws and regulations to prevent and control pollution and continuously improve our energy-saving performance in order to achieve our energy-saving goals. 6. The Company obtained the ISO14064-1 certification on February 2, 2023, and the certificate registration No. is CF 50573929 0001	

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
			Base year: 2021.01.01~2021.12.31 Inventory year: 2021.01.01~2021.12.31 Total carbon dioxide emission: 2,516.479 tCO2e	
4. Social Issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1) The Company has established a code of conduct for employees, a performance evaluation system, and various rewards and punishments, and the related rights and rules are detailed in "Five. Operation Overview, V. Labor Relations" and the Company's website > Corporate Profile > Investor Information > Corporate Governance > XI. Human rights policies.	Consistent with the provisions under the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies.
(2) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	V		(2) The Company determines the annual salary adjustment by taking into account the Consumer Price Index, salary survey information, the Company's annual operating performance and profitability. Please refer to the description of Five. Operation Overview, V. Labor Relations for employee welfare related measures.	
(3) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		(3) In order to enable employees to work in a healthy, safe and enjoyable manner, the Company regularly disinfects the environment in public areas, places antibacterial liquid nebulizers in office premises, disinfects elevator buttons on a daily basis and installs acrylic curtains on the front counter windows to prevent direct contact between employees and customers. ShinKong Insurance Co., Ltd. arranges health checkups for employees every two years, and doctors visit the company every three months to provide employees with various health education consultations, including general physical examinations and supervisory health examinations, to comprehensively assess the nature of work, lifestyle habits, family history, and other factors; SKL also actively promotes various health promotion and static activities, such as 10-minute hand-waving exercises every day, AED and CPR training courses, publicly funded flu vaccinations, large public health seminars, and other physical courses, and records health education digital courses on vision care, peptic ulcers, kidney function, liver function	

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
			abnormalities, and the hazards of human engineering injuries and diseases, in order to achieve the goal of protecting employees and promoting health.	
(4) Has the Company established an effective career development training program for employees?	V		(4) In order to establish an effective career development training program, to pass on the company's culture and management philosophy, and to achieve the goal of cultivating talents, the Company sets up an annual education plan to develop relevant courses. Please refer to the description of Five. Operation Overview, V. Labor Relations for education and training-related plans.	
(5) Does the Company comply with the related laws and regulations and international standards regarding customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	V		(5) In addition to providing professional services, protecting customer privacy is also an important responsibility of insurance practitioners. ShinKong Insurance has established the BS 10012 Personal Information Management System for many years and has introduced the ISO/IEC 27001 Information Security Management System in recent years. We also arrange information security training for all employees annually to enhance the level of information security protection.	
(6) Whether the Company has a supplier management policy and requests suppliers to comply with environmental conservation, occupational safety and health or labor rights and their implementation.	V		(6) Due to the wide variety of suppliers or outsourced contractors of SKL, we will prioritize environmental safety protection vendors for audits and conduct occasional environmental audits of suppliers, and we will conduct on-site audits of three suppliers in 2019. In addition, if a negative environmental or social impact occurs on an existing supplier, ShinKong Insurance Co., Ltd. will not only request the supplier to make improvements but will also add a clause to the contract that no further payments will be made if the supplier does not meet the CSR requirements and will be evaluated for removal from the supplier list; if the supplier has a significant degree of irreplaceability, the Company will provide assistance in order to reduce the negative impact. We will also request the supplier to respond with improvement measures to maintain the effective operation of the supply chain.	
5. Does the Company refer to internationally accepted report-preparing guidelines or	V		PwC Taiwan performed the independent limited assurance for the report of the Company, prepared in accordance with the Global Reporting Initiatives (GRI)	Consistent with the provisions under the Sustainable Development Best

Promoting item	Implementation (Note 1)			Differences and reason for the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies
	Yes	No	Summarized explanation	
guides to compile its CSR report or other reports disclosing non-financial information of the Company? Are assurance or certification opinions of a third-party verification institution acquired for the above-mentioned reports?			based on the “assurance engagement for audit or review of non-historical financial information” issued by the Accounting Research and Development Foundation, and the report is disclosed on the Company’s website. (https://www.skinsurance.com.tw/SKI/Doc.aspx?uID=83.&sID=4723&ST=)	Practice Principles for TWSE/TPEx-Listed Companies.
6. If the Company has established its Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies," please state the differences between the two and the state of implementation: None.				
7.Other important information helpful for understanding the execution status for promoting sustainable development: (1) Corporate Governance: Optimize sustainable corporate operations and development and establish the Sustainable Corporate Development Committee. Regularly carry out ethical behavior risk evaluations on directors and senior management annually. (2) Social welfare: The Company promotes various projects. Except for supporting blood donation activities and providing donations and insurance protection to disadvantaged groups over the years, the Company communicates insurance concepts and cultivates future insurance talents through participating in insurance forums, organizing on-campus lectures, and providing internship opportunities; through the support of multiple aspects, we aim at achieving our mission of public welfare of “ShinKong Spirit Spread out the Love.” (3) For other sustainable development practices operations, please refer to the Company's website at https://www.skinsurance.com.tw.				

Note 1: If the status of Execution is checked “Yes,” please specify the key policies, strategies, measures and implementations adopted. If checked “No,” please explain the differences, reasons, and relevant policies, strategies and measures to be adopted in the column “Differences and reasons for differences from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.” However, for promoting items 1 and 2, a listed company shall describe the governance and supervising structure of sustainable development, including but not limited to management policies, strategy and target establishment, and examination measures. In addition, describe the risk management policies or strategies of environmental, social and corporate governance issues related to operations and their evaluations.

Note 2: The materiality principle refers to the environmental, social and corporate governance issues which have a significant influence on the Company’s investors and other interested parties.

Note 3: For the disclosing methods, please refer to the sample on the website of TWSE Corporate Governance Center.

(VI)The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.

Evaluation item	Actual governance (Note 1)			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company" and the Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and plans				
(1) Has the Company established policies for ethical corporate management approved by the Board of Directors and stated such policies and practices in its regulations and external documents and in the commitment made by the Board of Directors and senior management to actively implement such policies?	V		(1) 1. The Company's "Ethical Corporate Management Best Practice Principles" clearly states the policy and practice of business conduct with ethical management, as well as the commitment of the Board of Directors and senior management to actively implement the management policy, and is disclosed on the Company's website. 2. The Company requires its directors and officers to sign a Statement of Ethical Management to declare and promise that they will follow the Company's policy of ethical management.	Consistent with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company.
(2)Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with a higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies?"	V		(2) In accordance with Article 7(2) of the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company", the Company has established the "Procedures for Ethical Management and Guidelines for Conduct," which requires directors and senior executives to issue a statement of integrity and regularly analyze and evaluate the risk of internal ethical behaviors within the scope of business annually.	
(3)Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct and implemented and periodically reviewed them?	V		(3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to specify the various types of unethical behavior and the control mechanism and handling procedures to prevent the occurrence of unethical behavior, which are reviewed annually.	
2. Implementation of ethical corporate management				
(1)Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(1) The Company selects business counterparties carefully and attaches importance to the integrity of the counterparties, and specifies the integrity clause in the contract.	Consistent with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company.
(2) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under the Board and regularly report (at least once a year) to the Board the status of implementation and supervision of the ethical management policy	V		(2) The Company has set up a dedicated (part-time) ethical management unit that reports to the Board of Directors at least once a year on the operations of the "Sustainable Corporate Development Committee."	

Evaluation item	Actual governance (Note 1)			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company" and the Reasons
	Yes	No	Summary	
and preventive programs of unethical behavior? (3) Does the Company have developed policies to prevent conflicts of interest, provide adequate channels for communication, and substantiate the policies?	V		(3) The "Procedures for Board of Directors' Meetings" stipulate that a Director shall recuse himself/herself from the discussion and voting on the matters of the meeting if he/she has an interest in such matters or the corporation he/she represents, and shall not exercise his/her voting rights on behalf of other directors.	
(4)Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		(4) 1. The Company has accounting personnel responsible for accounting activities and prepares financial reports in accordance with the regulations, which are audited or reviewed by certified public accountants to ensure the fairness of the financial statements. 2. The Company has established an internal control system in accordance with the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" and appointed a chief auditor and an Audit Department under the Board of Directors' audit office to conduct annual audits at each unit in accordance with the annual audit plan to implement internal controls. 3. The audit results shall be reported to the senior management and Ethical Corporate Management and Social Responsibility Promotion Group, and an audit report shall be submitted to the Board of Directors.	
(5)Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(5) The Company regularly conducts relevant education and training. In 2022, a total of 54 sessions were conducted for the company's management through the internal education and training system E-learning to promote integrity. A disciplinary and complaint system is in place for violations of the regulations.	
3. The operation of the Company's whistleblower reporting system (1)Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel and designated appropriate personnel to deal with the reported matters?	V		(1) The Company has established the "Guidelines for Whistleblower Reporting Operations" and a communication channel for internal and external personnel and will take disciplinary action against those who are proven to have violated relevant laws and regulations and will announce the	Consistent with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company.

Evaluation item	Actual governance (Note 1)			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company" and the Reasons
	Yes	No	Summary	
(2)Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms? (3)Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V V		results of the discussion. (2) The Company has established investigation procedures to handle reported matters and has established appropriate reporting procedures based on the rank of the person reported and the extent of the case. (3) The Company takes strict confidentiality measures against the whistleblower and protects the whistleblower appropriately to avoid improper treatment due to reporting.	
4. Enhancement of information disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company discloses its performance of ethical management and measures adopted on its website (https://www.skinsurance.com.tw) and in its annual report.	Consistent with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company.
5. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: No major difference yet.				
6. Any other essential information that may help us to under the ethical corporate management of the Company better: (such as the review and revision of the ethical corporate management best practice principles): None.				

Note 1: Whether the Company selects "Yes" or "No" in the operation condition, it should explain the situation in the summary space.

(VII) The Company has established corporate governance best practice principles and related rules and regulations for inquiries: The Company has established rules and regulations such as the Rules of Procedure for Shareholders' Meeting, Board of Directors' Performance Evaluation Measures, the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Corporate Social Responsibility Best Practice Principles, which are disclosed on the Company's corporate website (https://www.skinsurance.com.tw/) under "Investor Information." Corporate Governance Zone or Market Observation Post System (http://mops.twse.com.tw).

(VIII) Other important information on the operation of corporate governance.

1. The Company's corporate governance operations are disclosed on the Market Observation Post System (MOPS) at https://mops.twse.com.tw and the Company's website at https://www.skinsurance.com.tw.
2. The Company conducts self-audits of internal controls for each unit on both a project and routine basis as a preventive control, and auditors perform audits of internal control operations.
3. The Company has a risk management department to identify the risks faced by the Company, assess and monitor the Company's risk appetite, and the current status of risk exposure, establish an independent risk management process, and monitor compliance with the risk management process to determine risk response strategies.

(IX) Regarding the implementation of the internal control system, the following matters should be disclosed

1. Statement of Internal control system

ShinKong Insurance Co., Ltd.
Statement of Internal Control System

The Company makes the following statement according to the self-evaluation conducted of the internal control system for the year ended December 31, 2022:

I. The Company acknowledges that it is the responsibility of the Board and managers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including profits, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws, where financial records and statements are prepared in accordance with the Insurance Act and relevant requirements with a consistent basis of preparation; this shall serve as a part of the results for the internal control system of financial reporting.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The criteria adopted by the “Regulations” identify five components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the “Regulations” for the aforementioned items.

IV. The Company has evaluated the design and implementation effectiveness of the internal control system according to the determining items for the internal control system above.

V. In accordance with the results of the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the overall execution status and legal compliance for operations, financial reporting, and information security) during the abovementioned period are effective; apart from the matters set out in the schedule, it can be reasonably assured that the Board and the managers understand that the objectives for operations, financial reporting, and compliance with the relevant guidelines and laws are achieved, and it is considered that the financial records and statements are prepared in accordance with the Insurance Act and relevant requirements with a consistent basis of preparation, and the accuracy is adequate.

VI. The statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The statement was passed at the Board meeting held on March 7, 2023.

To
Financial Supervisory Commission

Declarant: ShinKong Insurance Co., Ltd.

Chairman: Philip H.H.Wu /with seal/ (signature & seal)

President: Ina Ho /with seal/ (signature & seal)

Chief Auditor: WANG, TAI-YU /with seal/ (signature & seal)

Chief Auditor: Shien-Tang Lin /with seal/ (signature & seal)

Chief Compliance Officer of the Headquarters: LIN, SHIEN-TANG /with seal/ (signature & seal)

Superior of the Dedicated Information Safety Department: ZUO, MING-YI /with seal/ (signature & seal)

March 7, 2023

ShinKong Insurance Co., Ltd.
Matters to be Improved for the Internal Control System and Improvement Plan
(Base date: December 31, 2022)

Matters to be Improved	Improvement Measures	Time of Improvement Completion
1. The Company failed to approve the insurance premium based on the premium rate submitted for review during the underwriting operations of the tender for commercial fire insurance offering jumbo coverage with additional earthquake insurance	1. Improved the review responsibility of superiors.	Improvement completed.
2. For the scope of powers authorized to the Chairman during the adjournment period as stated in the Rules of Procedures for Board Meetings, the authorized matters were not specified; even though the scope was reported to the Board for discussion with a resolution approved, relevant requirements were not specified.	2. Amended the “Rules of Procedures for Board Meetings.”	Improvement completed.
3. Failed to enter into a cooperation and promotion contract with the counterparty when engaging in a cross-industry alliance to promote additional insurance products (mobile device insurance). For the abovementioned deficiencies, the FSC imposed a fine of NT$0.6 million and made two corrections on March 18, 2022.	3. The Company had entered into a cross-industry alliance promotion contract with the distributor of mobile devices.	Improvement completed.

2. Independent auditor's report

Review of Internal Control System
Auditor's Reasonable Assurance Report

Dear members of ShinKong Insurance Co., Ltd.:

We have performed the necessary procedures for ShinKong Insurance Co., Ltd. and the statement regarding the effective design and execution of the statement of the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance issued on December 31, 2022 for the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance as of December 31, 2022.

Assurance target, information on assurance target, and applicable standards

The target and the information on target of the assurance project are ShinKong Insurance Co., Ltd. and the statement regarding the effective design and execution of the statement of the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance issued on December 31, 2022 for the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance as of December 31, 2022; please see the attachments for details.

Inherent restriction

Any internal control system has its inherent restrictions; therefore, the abovementioned internal control system of ShinKong Insurance Co., Ltd. may not be able to prevent or detect errors or fraud occurred. In addition, the environment in the future may change, and the level of compliance with the internal control system may reduce; therefore, the internal control system being effective during the current period may not necessarily be effective in the future.

Responsibility of the management

The responsibility of the management is to establish an internal control system according to the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" and relevant laws and regulations and examine the system at all times to maintain the continued effectiveness of the design and execution of the internal control system and issue the statement of internal control system based on the evaluation of its effectiveness.

Responsibility of CPAs

We are responsible for to executed necessary procedures for the target and the information on target to

achieve reasonable assurance based on Article 26 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises," "Regulations Governing Foreign Investments by Insurance Companies," "Letter Jin-guan-bao-cai-zi No. 10602506430 issued on January 15, 2018," "Letter Jin-guan-bao-cai-zi No. 10904350082 issued on January 22, 2021," and the Sample of the Implementation of Internal Control and Auditing System of Insurance Enterprises by CPAs No.3000 "assurance engagement for audit or review of non-historical financial information" and make a conclusion on the compliance with applicable standards and appropriate presentation of the assurance target and the information on target in all material aspects.

Independence and quality management regulations

We and our firm have complied with the requirements related to independence and other ethical specifications in the Code of Professional Ethics; the basic principles of the Code are integrity, fairness and objectiveness, professional ability and professional care, confidentiality, and professional conduct. In addition, the quality control standards observed by our firm maintain a comprehensive quality management system, including written policies and procedures for compliance with the Code of Professional Ethics, professional standards, and applicable laws and regulations.

Summary of procedures executed

We gain evidence related to the assurance target and information on the target by planning for and executing necessary procedures based on our professional judgment. The procedures executed include understanding the internal control system of the Company, evaluating the procedures adopted by the management to evaluate the effectiveness of the overall internal control system, and testing and evaluating the effectiveness of the design and the execution of the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance, and other assurance procedures deemed necessary by us.

Conclusion

In our opinion, the design and execution of the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance as of December 31, 2022 for ShinKong Insurance Co., Ltd. have complied with the effectiveness of the internal control system under the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" and "Regulations Governing Foreign Investments by Insurance Companies" in all material aspects; the statement for the effective design and execution of the international control system related to the external financial reporting (including the accuracy of statements and information declared to the competent authority based on the internal control system of financial reporting), the protection of asset safety (preventing the acquisition, use, and disposal of assets under unauthorized circumstances), and legal compliance for ShinKong Insurance Co., Ltd. issued on March 7, 2023 remains adequate in all material aspects.

Ernest & Young

CPAs:

Daniel Hsu /with signature and seal/

Bob Chang /with signature and seal/

(X) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report:

Date	Document No.	Summary	Description of penalties	Status of corrective action
2022.03.18	Jin-Quan-Bao-Chan-Zi No.11104908852	The Company was found to have violated the relevant regulations of the Insurance Act when conducting insurance business.	A fine of NT$600,000 and two corrections were imposed.	The Company has performed improvement and supervision of relevant operations to comply with requirements under relevant laws and regulations.

(XI) Important resolutions of the shareholder meeting and Board meeting in 2022 and up to the date of publication of the annual report:

1. Important resolutions of the shareholders' meeting

Meeting date	Summary of the proposal	Resolution	Implementation status
2022/5/27	Approval of the 2022 business report and financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Approval of the 2022 earning distribution of the Company		The annual shareholders' meeting passed the resolution for the distribution of a cash dividend of NT$3.2 per share, with NT$1,011,082,560 in total; the cash dividend was distributed on July 7, 2022.
	Amendments to the Company's "Articles of Incorporation"		Handled in accordance with the resolution.

2. Important resolutions of the board meeting

Meeting date	Summary of the proposal	Resolution	Implementation status
2022.3.9 (16th meeting of the 20th session)	The 2021 financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2022 annual shareholders' meeting.
	Proposal for earning distribution of the Company for 2021		Included in the discussion matters at the 2022 annual shareholders' meeting.
	Proposal for convening the 2022 annual shareholders' meeting		Handled in accordance with the resolution.
	Amendments to the Company's "Procedures for Funds in Special Projects, Public Utilities and Social Welfare Enterprises"		Included in the discussion matters at the 2022 annual shareholders' meeting.
	Amendments to the Company's "Corporate Social Responsibility Best Practice Principles"		Included in the discussion matters at the 2022 annual shareholders' meeting.
	Proposal for the procurement of employees' uniforms	After Chairman WU, HSIN-HUNG, who is a relative within the second degree of kinship with the chairman of the counterparty and is the vice chairman of the counterparty, went offline and abstained from the discussion and voting, Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on the Chairman's behalf and inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
2022.4.15 (17th meeting of the 20th session)	2022 Q1 financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Adjustments to partial directors above managers in accordance with business requirements	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
2022.6.22 (19th meeting of the 20th session)	Proposal for the amendment to the "Regulations for Transferring Repurchased Shares to Shareholders"	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Proposal for the renewal of contract with Shin-Kong Life Real Estate Service Co., Ltd.	After Chairman LIN, PO-FENG, who is a Director of the counterparty of the proposal, went offline and abstained from the discussion	Handled in accordance with the resolution.

Meeting date	Summary of the proposal	Resolution	Implementation status
		and voting, the chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	
2022.8.17 (20th meeting of the 20th session)	The 2022 interim financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
2022.11.9 (21st meeting of the 20th session)	The 2022 Q3 financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Amendment to the "ShinKong Insurance Co., Ltd. Regulations for Transferring Repurchased Shares to Employees"	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
2022.12.14 (22nd meeting of the 20th session)	Proposal for the estimated limit to procure different gift boxes from Shinkong Textile in 2023	Chairman WU, HSIN-HUNG, who is a relative within the second degree of kinship with the chairman of the counterparty and is the vice chairman of the counterparty, went offline and abstained from the discussion and voting. Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on the Chairman's behalf after Chairman WU, HSIN-HUNG abstained from the voting and discussion and inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Proposal for the estimated limit to procure uniforms and project products for the 60th anniversary from Shinkong Textile in 2023	Chairman WU, HSIN-HUNG, who is a relative within the second degree of kinship with the chairman of the counterparty and is the vice chairman of the counterparty, went offline and abstained from the discussion and voting. Vice Chairman SHIEH, MUNG-SHIUNG hosted the meeting on the	Handled in accordance with the resolution.

Meeting date	Summary of the proposal	Resolution	Implementation status
		Chairman's behalf after Chairman WU, HSIN-HUNG abstained from the voting and discussion and inquired all attending Directors, and the proposal was passed as proposed with consensus.	
2023.3.7 (23rd meeting of the 20th session)	The 2022 financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Proposal for earning distribution of the Company for 2022	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Proposal for matters related to convening the 2023 annual shareholders' meeting	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Election of the 21st session of the Company's Directors (including Independent Directors)	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Amendment to the "ShinKong Insurance Co., Ltd. Articles of Incorporation"	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Amendment to the "ShinKong Insurance Co., Ltd. Sustainable Development Best Practice Principles"	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.
	Amendment to the "ShinKong Insurance Co., Ltd. Procedures for Derivative Transactions"	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Included in the discussion matters at the 2023 annual shareholders' meeting.

Meeting date	Summary of the proposal	Resolution	Implementation status
2023.4.14 (24th meeting of the 20th session)	The 2023 Q1 financial statements of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Proposal for the nomination and review of Director (including Independent Director) candidate	For the Independent Director candidate list of the proposal, after Independent Director CHOU, HSIEN-TSAI had recused himself, the chairperson made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion. For the general Director list of the proposal, after Chairman WU, HSIN-HUNG, Vice Chairman HSIEH, MUNG-SHIUNG, Director WU, TUNG-SHANG, Director YANG, CHENG-BIN, Director WU, TONG-SHANG, Director CHANG, MAO-SONG, Director LIN, PO-FONG, and Director HO, YING-LAN have recused themselves, Independent Director CHOU, HSIEN-TSAI acted on behalf of the chairperson and made inquiries to all attending Directors, and the proposal was approved as proposed with no dissenting opinion.	Handled in accordance with the resolution.
	Proposal for the "internal control system" of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.
	Proposal for the amendment to the "Regulations for Transferring Repurchased Shares to Employees" of the Company	The chairperson inquired all attending Directors, and the proposal was passed as proposed with consensus.	Handled in accordance with the resolution.

(XI) During the most recent year or during the current year up to the date of publication of the annual report, if the Board Directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XII) For the most recent year or the current year up to the date of publication of the annual report, a summary of the resignation and dismissal of the Company's Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance and Chief R&D Officer:

Summary of the resignation and dismissal of the Company's relevant personnel

March 31, 2023

Job title	Name	Arrival date	Separation date	Reason for resignation or dismissal
Chief auditor	LIN, HSIEN-TANG	May 1, 2021	June 1, 2022	Adjustment of duties

Note: The relevant personnel, as referred to in this context, are the Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance and Chief R&D Officer.

IV. Disclosure of CPAs' remuneration

Unit: NTD thousand

CPA firm	CPA name	Audit period	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young	Daniel Hsu	From January 1, 2022 to December 31, 2022	2,380	19,107	21,487	Non-audit services include taxation certification, review and audit of the capital adequacy ratio, audit of the internal control system, review of the insurance guaranty fund appropriation, and project consultation services.
	Bob Chang					

Please specify the content of non-audit services: (such as taxation certification, assurance, or other financial consultation services)

Note: If the Company changed its CPA or CPA firm during the year, please indicate the period of audit and the reason for the change in the remarks column, and disclose information related to the audit and non-audit fees paid in sequence. For non-audit fees, please provide notes regarding the descriptions of its service content.

(I) Non-audit fees paid to the CPA, the accounting firm of the CPA, and/or any affiliated enterprise of the accounting firm are equivalent to one quarter or more of the audit fees paid to them: No such situation.

(II) Audit fee of the current year is more than 10% less than the year before: Not applicable.

V. Change of CPA:

1. Former CPA

Date of Change	Changed in 2022 Q1			Changed in 2023 Q1		
Reason for the Change and Description	In response to the internal duty rotation of the CPA's firm			In response to the internal duty rotation of the CPA's firm		
Whether the appointer or the CPA terminated or discontinued the engagement	Parties involved / Situation	CPA	Appointer	Parties involved / Situation	CPA	Appointer
	Termination of the engagement	ˇ		Termination of the engagement	ˇ	
	Discontinued engagement			Discontinued engagement		
Issuance of any audit report other than unqualified opinions for the most recent two years and the reasons	None			None		
Where there is any different opinion with the issuer	Yes		Accounting Principles or Practices	Yes		Accounting Principles or Practices
			Disclosure in the financial report			Disclosure in the financial report
			Scope of audit or steps			Scope of audit or steps
			Others			Others
	No	ˇ		No	ˇ	
	Description			Description		
Other disclosures (Disclosures to be made according to items 1 and 4, subparagraph 2, Article 24 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises)	No			No		

2. Succeeding CPA

CPA's firm	Ernst & Young	Ernst & Young
CPA Name	Daniel Hsu and Bob Chan	Daniel Hsu and Bob Chan
Date of appointment	Changed in 2022 Q1	Changed in 2023 Q1
Consultation matters regarding the accounting method or accounting principles of a particular transaction, or opinions that may be issued, and the results thereof before the appointment	None	None
Written opinions of the succeeding CPA that are different from the former CPA	None	None

3. Response letter of the former CPA regarding matters stated in items 1 and 2, subparagraph 2, Article 24 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises: Not applicable as it is the internal business adjustment of the firm.

VI Any of The Company's Chairman, President, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliates within the recent year; disclose their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliate: No such situation.

VII Changes in transfer and pledge of shares by Directors, supervisors, managers and shareholders with more than 10% shareholding in the most recent year up till the publication date of this annual report. If the counterparty to whom the shares are transferred or pledged is a related party, the name of such counterparty, its relationship with the Company, Directors, supervisors, managers and shareholders holding more than 10% of the total shares of the Company, and the number of shares acquired or pledged shall be disclosed.

Shareholding changes of Directors, supervisors, managers, and major shareholders

Title (Note 1)	Name	2022		Current year up to March 27	
		Increase (decrease) of held shares	Increase/decrease in the number of shares pledged	Increase (decrease) of held shares	Increase/decrease in the number of shares pledged
Chairman	WU, HSIN-HUNG	-	-	-	-
Vice Chairman	Hong En Co., Ltd. Representative: SHIEH, MUNG-SHIUNG	-	-	-	-
Director	Hong En Co., Ltd. Representative: WU, TONG-SHENG	-	-	-	-
Director	Taiwan Medical Corporation Representative: LIN, PO-FONG	-	-	-	-
Director	KONG MIN ENTERPRISES CO., LTD. Representative: CHANG, MAO-SONG	(565,000)	-	-	-
Director	Hong Pu Co., Ltd. Representative: YANG, CHENG-PIN	-	-	-	-
Director	Mao Wei Investment Co., Ltd. Representative: WU, TUNG-SHANG	-	-	-	-
Director	HO, YING-LAN	980,000	-	-	-
Major Shareholders	SHINKONG TEXTILE CO., LTD.	-	-	-	-
Independent Director	TSAI, SHIH-CHI	-	-	-	-
Independent Director	CHI, WEI-HSUN	-	-	-	-
Independent Director	CHOU, HSIEN-TSAI	-	-	-	-
President	HO, YING-LAN	-	-	-	-
Senior Vice President	HUANG, CHIH-YUAN (dismissal date: 2022/10/01)	-	-	-	-
Senior Vice President	TU, KUN-YI	-	-	-	-
Senior Vice President	WANG, PO-HSUN	6,000	-	-	-
Senior Vice President	LIU, CHUNG-WEN	-	-	-	-
Vice President	HUANG, JUNG-TSAN (dismissal date: 2022/03/01)	- (5,000)	-	-	-
Vice President	YANG, CHUN-YEN (appointment date: 2022/09/01)	-	-	-	-
Vice President	YEH, JIH-CHIN	-	-	-	-

Title (Note 1)	Name	2022		Current year up to March 27	
		Increase (decrease) of held shares	Increase/decrease in the number of shares pledged	Increase (decrease) of held shares	Increase/decrease in the number of shares pledged
Vice President	YANG, YUEH-TSANG	5,000	-	-	-
Vice President	TSAI, SHIH-HSIEN	2,000	-	-	-
Vice President	ZHANG, HONG-JI	-	-	-	-
Vice President	LI, SI-YI (appointment date: 2022/09/01)	-	-	-	-
Vice President	LIN, HSIU-CHUAN	-	-	-	-
Vice President	TSENG, KUO-HUI	-	-	-	-
Vice President	WU, YA-YING (dismissal date: 2023/01/31)	-	-	-	-
Vice President	LIN, HSIEN-TANG	-	-	-	-
Vice President	CHEN, KUO-CHU (dismissal date: 2022/08/01)	-	-	-	-
Vice President	LIU, TING-CHING	-	-	-	-
Vice President	KAO, CHUAN-TE	-	-	-	-
Vice President	LO, KUO-FENG	-	-	-	-
Vice President	SHENG, YU-HSIANG (dismissal date: 2022/06/01)	-	-	-	-
Vice President	YANG, CHING-WEN	-	-	-	-
Vice President	WANG, TAI-YU (Date of release: 2021/06/01)	-	-	-	-
Assistant Vice President	KAO, JUI-TSE	-	-	-	-
Assistant Vice President	Shen, XIN-YI (appointment date: 2022/09/01)	2,000	-	-	-
Assistant Vice President	XU, LING-RONG (appointment date: 2022/09/01)	-	-	-	-
Manager	HUANG, PO-CHIEN	-	-	-	-
Manager	CHUANG, YAO-CHANG	-	-	-	-
Manager	LI, Yun-XUAN	-	-	-	-
Manager	XU, GUO-GONG (appointment date: 2022/03/01) (dismissal date: 2022/08/18)	-	-	-	-
Manager	PENG, WEI-WEN	-	-	-	-
Manager	RUAN, REN-LIANG (appointment date: 2022/03/01) (dismissal date: 2022/04/18)	-	-	-	-
Manager	WANNG, MING-ZHENG (appointment date: 2022/08/18)	-	-	-	-
Manager	CHEN, JIN-JIE	-	-	-	-
Manager	CHEN, ZHAO-XIONG (appointment date: 2022111/08/18)	-	-	-	-
Manager	PENG, ZHI-HENG	-	-	-	-
Manager	HAN, KUO-HSUAN	-	-	-	-
Manager	ZHENG, ZHONG-RONG	-	-	-	-
Manager	HSUEH, YU-CHENG	-	-	-	-
Manager	LIU, JIA-YU	-	-	-	-
Manager	LU, YEN-LONG	-	-	-	-
Manager	CHENG, WEI-CHAO	-	-	-	-
Manager	ZHANG, YI-MING (appointment date: 2022/12/01)	-	-	-	-
Manager	WANG, JIAN-CAO (dismissal date: 2022/05/01)	-	-	-	-
Manager	LIU, ZHI-JIAN	6,500	-	1,000	-

Title (Note 1)	Name	2022		Current year up to March 27	
		Increase (decrease) of held shares	Increase/decrease in the number of shares pledged	Increase (decrease) of held shares	Increase/decrease in the number of shares pledged
Manager	ZHANG, ZHAN-ZHI	-	-	-	-
Manager	TSAI, MENG-CHANG	-	-	-	-
Manager	WANG, HUI-ZHEN	3,000	-	2,000	-
Manager (Head of Finance Department)	CHANG, PAO-KUEI	-	-	-	-
Manager	WANG, AN-KAI	(2,000)	-	-	-
Manager	CHEN, CHIEN-LIANG	-	-	-	-
Manager	CHANG, MEI-YAO	-	-	-	-
Manager	CHOU, CHI-WEN	-	-	-	-
Manager	HSIAO, SHU-CHEN (appointment date: 2022/01/01)	-	-	-	-
Manager	LIANG, SHIH-CHANG (dismissal date 2022/12/15)	-	-	-	-
Manager (Head of Accounting Department)	TSENG, YA-FANG	-	-	-	-

Note 1: Filled out with the internal titles of the Company.

Note 2: When the counterparty of the equity transfer or pledge of equity is a related party, please complete the following table.

Information on transfer of shareholding

Name (Note 1)	Reasons for Transferring Shares (Note 2)	Date of transaction	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, Managers, and shareholders with more than 10% ownership interest	Number of shares	Transaction price
None	None	None	None	None	None	None

Note 1: Filled out with the names of the Company's Directors, supervisors, managers, and shareholders with more than ten percent of the shares.
Note 2: Filled out with acquisition or disposal.

Information on pledged shares

Name (Note 1)	Reason for change in collateralized shares (Note 2)	Date of change	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, Manager, and shareholders with more than 10% ownership interest	Number of shares	Shareholding ratio	Percentage placed as collateral	Amount secured (redeemed)
None	None	None	None	None	None	None	None	None

Note 1: Filled out with the names of the Company's directors, supervisors, managers, and shareholders with more than ten percent of the shares.
Note 2: Fill in whether it is pledged or redeemed.

VIII. Information on shareholders with top 10 shareholdings who are related parties, spouses, or relatives within the second degree of kinship:

Name (Note 1)	Held by shareholder		Shareholdings of spouse, minor children		Total shares held by the person under others' names		Spouse, Relative Of Second Degree Or Closer, Or Related Parties Defined In Statement Of Financial Accounting Standards No. 6 Among The Top Ten Shareholders; State Their Names And Relationships. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
SHINKONG TEXTILE CO., LTD	51,539,530	16.31%	0	0.00%	0	0.00%	Omitted	Omitted	20,000,000 shares pledged
Representative of SHINKONG TEXTILE CO., LTD: WU, XIN-EN	900	0.00%	0	0.00%	0	0.00%	Hong En Co., Ltd	The representative is a relative within the second degree of kinship	
Shin Kong Life Insurance	20,278,000	6.42%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Shin Kong Life Insurance: PAN, PO-CHENG	0	0.00%	0	0.00%	0	0.00%	Omitted	Omitted	
SHINKONG CO., LTD.	16,061,515	5.08%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of SHINKONG CO., LTD.: PENG, HSUEH-FEN	4,000	0.00%	0	0.00%	0	0.00%	Hong En Co., Ltd	The representative is a relative within the second degree of kinship	
Hong Pu Co., Ltd.	7,412,900	2.35%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Hong Pu Co., Ltd.: LI, BI-FANG	0	0.00%	0	0.00%	0	0.00%	Omitted	Omitted	

Name (Note 1)	Held by shareholder		Shareholdings of spouse, minor children		Total shares held by the person under others' names		Spouse, Relative Of Second Degree Or Closer, Or Related Parties Defined In Statement Of Financial Accounting Standards No. 6 Among The Top Ten Shareholders; State Their Names And Relationships. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Cosmos Hotels & Resorts	6,439,000	2.04%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Cosmos Hotels & Resorts: CHANG, MAO-SONG	614	0.00%	29,060	0.01%	0	0.00%	KONG MIN ENTERPRISES CO., LTD.	The representative is the same person	
KONG MIN ENTERPRISES CO., LTD.	6,115,472	1.94%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Kong Min Enterprise Co. Ltd.: CHANG, MAO-SONG	614	0.00%	29,060	0.01%	0	0.00%	Cosmos Hotels & Resorts	The representative is the same person	
Qian Chengyi CO., LTD.	5,466,533	1.73%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Qian Chengyi CO., LTD.: QIU, WEI-PING	0	0.00%	0	0.00%	0	0.00%	Omitted	Omitted	
Hong En Co., Ltd	4,514,986	1.43%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Hong En Co., Ltd.: SUN, RUO-NAN	0	0.00%	0	0.00%	0	0.00%	SHINKONG TEXTILE CO., LTD	The representative is a relative within the second degree of kinship	
							SHINKONG CO., LTD.	The representative is a relative within the second degree of kinship	
Beitou Hotel Co., Ltd.	4,070,740	1.29%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of Beitou Hotel Co., Ltd.: WU, BANG-SHENG	0	0.00%	0	0.00%	0	0.00%	Omitted	Omitted	
CHENG KUANG INDUSTRIAL CO., LTD.	4,056,785	1.28%	0	0.00%	0	0.00%	Omitted	Omitted	
Representative of CHENG KUANG INDUSTRIAL CO., LTD.: ZHAO, CHEN-WEI	0	0.00%	0	0.00%	0	0.00%	Omitted	Omitted	

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders,
spouse, minor children, and in the name of others.

Note 3: The relationship among the shareholders (including legal person and natural person) in the preceding paragraph should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Number of shares held by the Company, Directors, managers of the Company, and businesses directly or indirectly controlled by the Company in a single investee company and the consolidated shareholding ratio:

Consolidated shareholding ratio

Unit: shares; %

Investee (Note)	Investment of the Company		Investment of the Directors, supervisors, managers and business under direct or indirect control		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Greater Taipei Broadband Corporation	2,500,000	1.67%	0	0.00%	2,500,000	1.67%
Shin Kong Mitsukoshi Department Store Co.	10,277,982	0.82%	0	0.00%	10,277,982	0.82%
TONG HSIN WATER BUSINESS INC.	1,982,400	9.83%	0	0.00%	1,982,400	9.83%

Note: Long-term investments of the Company.

Four. Funding Status

I. Capital and Shares

(I) Source of Capital

Source of Capital

Month, Year	Issuing price (NT$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares (in thousands)	Amount (NT$ thousand)	Number of shares (in thousands)	Amount (NT$ thousand)	Source of capital	Using property other than cash as payment of shares	Other
1963/05	10	3,200	32,000	3,200	32,000	Authorized capital of NT$32,000,000 at the time of establishment, $16,000,000 collected for the first time and $16,000,000 for the second time	None	None
1977/11	10	10,000	100,000	5,440	54,400	Increased capital from earnings of NT$6,000,000 Increased capital from the capital surplus of NT$16,400,000	None	None
1978/06	10	10,000	100,000	10,000	100,000	Increased capital from earnings of $6,432,000 Increased capital by cash of $39,168,000	None	None
1984/05	10	20,000	200,000	16,500	165,000	Increased capital from earnings of NT $9,000,000 Increased capital from the capital surplus of NT$16,000,000 Increased capital by cash NT$ 40,000,000	None	None
1987/10	10	20,000	200,000	18,150	181,500	Increased capital from earnings of NT$16,500,000	None	None
1988/10	10	20,000	200,000	19,965	199,650	Increased capital from earnings of NT$18,150,000	None	None
1995/05	10	50,000	500,000	30,000	300,000	Increased capital by cash of NT$ 100,350,000	None	Note 1
1995/09	10	50,000	500,000	35,000	350,000	Increased capital from earnings NT$50,000,000		None
1996/09	10	50,000	500,000	43,500	435,000	Increased capital from earnings $50,000,000 Increased capital from the capital surplus of NT$35,000,000	None	Note 3
1997/08	10	150,000	1,500,000	104,980	1,049,800	Increased capital by cash NT$ 614,800,000	None	Note 4
1998/08	10	150,000	1,500,000	115,478	1,154,780	Increased capital from the capital surplus of NT$ NT$104,980,000	None	Note 5
1999/03	10	150,000	1,500,000	130,000	1,300,000	Increased capital by cash NT$145,220,000	None	Note 6
1999/08	10	210,000	2,100,000	150,020	1,500,200	Increased capital from earnings NT$62,400,000 Increased capital from the capital surplus of NT$137,800,000	None	Note 7
2000/08	10	210,000	2,100,000	180,024	1,800,240	Increased capital from earnings NT$150,020,000 Increased capital from the capital surplus of NT$150,020,000	None	Note 8
2001/08	10	210,000	2,100,000	202,167	2,021,670	Increased capital from earnings NT$72,009,600 Increased capital from the capital surplus of NT$149,419,920	None	Note 9
2002/08	10	215,000	2,150,000	212,275	2,122,753	Increased capital from earnings NT$101,083,470		None
2004/08	10	250,000	2,500,000	228,196	2,281,959	Increased capital from earnings NT$133,733,424 Increased capital from the capital surplus of NT$25,473,036	None	Note 11
2005/08	10	254,000	2,540,000	251,016	2,510,155	Increased capital from earnings NT$205,376,346 Increased capital from the capital surplus of NT$22,819,594	None	Note 12
2006/08	10	350,000	3,500,000	271,097	2,710,968	Increased capital from earnings NT$150,609,323 Increased capital from the capital surplus of NT$50,203,107	None	Note 13
	10	350,000	3,500,000	300,917	3,009,174	Increased capital from earnings NT$271,096,782		Note

Month, Year	Issuing price (NT$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares (in thousands)	Amount (NT$ thousand)	Number of shares (in thousands)	Amount (NT$ thousand)	Source of capital	Using property other than cash as payment of shares	Other
2007/08						Increased capital from the capital surplus of NT$27,109,678	None	14
2008/08	10	350,000	3,500,000	315,963	3,159,633	Increased capital from earnings NT$123,376,151 Increased capital from the capital surplus of NT$27,082,569	None	Note 15

Note 1: Approved by letter (84) Tai-Cai-Sheng (1) No. 53752

Note 2: Approved by letter (84) Tai-Cai-Sheng (1) No. 39290

Note 3: Approved by letter (85) Tai-Cai-Sheng (1) No. 41138

Note 4: Approved by letter (86) Tai-Cai-Sheng (1) No. 40519

Note 5: Approved by letter (87) Tai-Cai-Sheng (1) No. 59063

Note 6: Approved by letter (88) Tai-Cai-Sheng (1) No. 109780

Note 7: Approved by letter (88) Tai-Cai-Sheng (1) No. 67525

Note 8: Approved by letter (89) Tai-Cai-Sheng (1) No. 55857

Note 9: Approved by letter (90) Tai-Cai-Sheng (1) No.137331

Note 10: Approved by letter (91) Tai-Cai-Sheng (1) No.0910136764

Note 11: Approved by letter Jing-Guan-Zheng-Yi-Zi No. 093132429

Note 12: Approved by letter Jing-Guan-Zheng-Yi-Zi No. 0940127001

Note 13: Approved by letter Jing-Guan-Zheng-Yi-Zi No. 0950131230

Note 14: Approved by letter Jing-Guan-Zheng-Yi-Zi No. 0960039174

Note 15: Approved by letter Jing-Guan-Zheng-Yi-Zi No. 0970037816

(II) Share Type

Share Type	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued Shares	Total	
Ordinary shares	315,963,300	184,036,700	500,000,000	Listed shares

Note: Please indicate whether the shares are listed on TWSE or TPEx (add a note if it is restricted from being listed on TWSE or TPEx).

II. Shareholder structure

Shareholder structure

March 27, 2023

Number\ Shareholder structure	Government agency	Financial institution	Other corporations	Individual	Foreign institutions and foreigners	Others
Number of persons	1	19	201	15,319	185	15,725
Shareholding number	8	25,727,439	152,553,763	104,931,237	32,750,853	315,963,300
Shareholding ratio	0.00%	8.14%	48.28%	33.21%	10.37%	100.00%

Note: All TWSE/TPEX/Emerging Stock Market companies listing for the first time are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin or any company owned by the

above party in a foreign location, as defined in Article 3 of the "Regulation Governing Mainland Residents' Investment in Taiwan."

III. Equity dispersion

Equity dispersion
(NT$10 per share) 27 March 2023

Shareholding Grading	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 ～ 999	4,225	799,812	0.25%
1,000 ～ 5,000	8,015	17,458,807	5.53%
5,001 ～ 10,000	1,624	12,787,810	4.05%
10,001 ～ 15,000	523	6,667,918	2.11%
15,001 ～ 20,000	327	5,940,043	1.88%
20,001 ～ 30,000	309	7,797,372	2.47%
30,001 ～ 40,000	150	5,303,982	1.68%
40,001 ～ 50,000	111	5,080,683	1.61%
50,001 ～ 100,000	201	14,590,895	4.62%
100,001 ～ 200,000	104	14,727,839	4.66%
200,001 ～ 400,000	49	13,226,046	4.19%
400,001 ～ 600,000	24	12,042,869	3.81%
600,001 ～ 800,000	14	9,623,035	3.05%
800,001 ～ 1,000,000	6	5,469,267	1.73%
Over 1,000,001	43	184,446,922	58.38%
Total	15,725	315,963,300	100.00%

IV. List of major shareholders

List of major shareholders

Share / Major shareholder	Number of shares held	Shareholding
Shinkong Textile Co., Ltd.	51,539,530	16.31%
Shin Kong Life Insurance Co., Ltd.	20,278,000	6.42%
SHINKONG CO., LTD.	16,061,515	5.08%
Hong Pu Co., Ltd.	7,412,900	2.35%
Cosmos Hotels & Resorts	6,439,000	2.04%
KONG MIN ENTERPRISES CO., LTD.	6,115,472	1.94%
Qian Chengyi CO., LTD.	5,466,533	1.73%
Hong En Co., Ltd.	4,514,986	1.43%
Beitou Hotel Co., Ltd.	4,070,740	1.29%
CHENG KUANG INDUSTRIAL CO., LTD.	4,056,785	1.28%

Note: The names of the top ten shareholders and their shareholding ratio.

V. Information on market price, net worth, earnings, and dividend per share for the most recent two years

Market Price, Net Worth, Earnings and Dividend Information per Share

Unit: Thousands of NTD; Thousands of shares; %

Item \ Year			2022	2021	Current year up to March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		58.40	49.50	52.30
	Lowest		41.80	36.50	48.05
	Average		50.62	42.15	50.29
Net value per share (Note 2)	Before Distribution		47.57	48.29	50.19
	After Distribution		(Note 9)	45.09	(Note 9)
Earnings per share	Weighted average number of shares		315,963	315,963	315,963
	Earnings per share (Note 3)		6.34	7.13	1.43
Dividends per share	Cash dividends		(Note 9)	3.20	(Note 9)
	Stock grants	Stock dividends from retained earnings	(Note 9)	-	(Note 9)
		Stock dividend from capital reserves	(Note 9)	-	(Note 9)
	Cumulative undistributed dividends (Note 4)		(Note 9)	-	(Note 9)
Analysis of ROI	P/E ratio (Note 5)		7.98	5.91	35.17
	P/D ratio (Note 6)		(Note 9)	13.17	(Note 9)
	Cash dividends yield (Note 7)		(Note 9)	7.59%	(Note 9)

* Where stock dividends were paid from earnings or capital reserves, the information on the market price and cash dividends adjusted retroactively according to the number of shares issued shall also be disclosed.

Note 1: The highest and lowest market prices of common stock each year are shown, and the annual average market price is calculated according to the strike price and the trading volume each year.

Note 2: Calculated based on the number of outstanding shares at year-end; the amount of distribution resolved in next year's board meeting or shareholders meeting is presented in the table.

Note 3: If retroactive adjustments are required because of free share distribution, earnings per share before and after adjustments shall be shown.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: P/E ratio = Average closing price per share in the current year/earnings per share

Note 6: P/D ratio = Average closing price per share in the current year/cash dividends per share

Note 7: Cash dividend yield = Cash dividends per share / average closing price per share in the current year

Note 8: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

Note 9: The year 2022 surplus distribution proposal has yet to be resolved by the shareholders' meeting.

VI. Dividend Policy and Implementation Status:

1. Dividend policy:

(1). Dividend policy stated in the Articles of Incorporation

If there are any earnings in the Company's annual final accounts, they shall be first applied to pay taxes and make up for the losses. Then, appropriate 20% of the remaining amount as the legal reserve, but when the legal reserve equals the total capital of the Company, it is not subject to this requirement. In addition, appropriate or reverse special reserve lawfully. Combine the remaining earnings, if any, with the accumulated undistributed surplus at the beginning of the period and the adjusted

amount of undistributed earnings of the year, and the Board shall formulate the proposal for earning distribution and submit it to the shareholders' meeting for resolution.

For the earning distribution proposal in the preceding paragraph, the Board is authorized to make a resolution by receiving the consent of more than half of the attending Directors at a Board meeting attended by more than two-thirds of the Directors to distribute the entire or partial dividends and bonuses to be distributed in cash and report to the shareholders' meeting.

The Company has adopted a residual dividend policy in order to secure the Company's sustainable development, improve financial planning, enhance the efficiency of capital use, and protect the rights and interests of the investment public. The annual capital need is measured after considering the company's future capital budget plan; also, the surplus is allocated and distributed in accordance with the provision in the preceding paragraph, of which, the distribution of cash dividend should not be less than 25% of the total dividend distributed.

However, if the distribution or restriction of dividends is otherwise stipulated by the law and regulations or the competent authorities, it shall be handled accordingly without being subject to the restriction in the preceding paragraph.

(2). Specified dividend policy

Historical dividend distribution

Year	Cash dividend	Date of distribution
2016	1.570	105/08/10
2017	1.510	2017/08/04
2018	1.820	2018/08/01
2019	2.650	2019/07/29
2020	1.800	2020/08/28
2021	1.950	2021/08/17
2022	3.200	2022/07/07

The Articles of Incorporation have not stated the distribution ratio of dividends; however, to reinforce the Company's underwriting capacity and solvency, the adjustments were made with equal considerations given to the long-term financial planning for the capital requirements in the investment environment in the future, appropriate satisfaction to shareholders regarding their requirements for cash inflow, and other factors after a resolution was made at the shareholders' meeting.

Regarding the estimated dividend distribution principle for the following three years, the earnings available for distribution shall be the earnings from the final account after paying taxes, compensating losses from previous years, providing statutory surplus reserve, special surplus reserve, and remunerations of directors and employees; the dividend distributed shall be no less than 30% of the earnings available for distribution increased during the year, and the cash dividend shall be no less than 25% of the total dividend.

2. Dividend distribution proposed at the shareholders' meeting:

The Board meeting passed the 2022 earning distribution proposed on March 7, 2023, and

the proposal will be submitted to the shareholders' meeting for resolution; the distribution is as follows:

Distribute cash dividends from earnings; a distribution of NT$2.54 per share shall be made, NT$802,547 thousand in total.

3. Estimated material changes: None.

VII. The impact of the proposed stock dividend in the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable

VIII. Remuneration for employees and Directors

(I) The percentage and range of remuneration for employees and Directors as set forth in the Articles of Incorporation.

As set forth in Article 27 of the Article of Incorporation, The Company may apply the profits, if any, for the distribution of remunerations to employees and directors as follows: However, if there remains accumulated loss, the company shall reserve funds for making up the loss in advance.

(1) Employee remuneration shall not be less than 1%.

(2) Director remuneration shall not be more than 2%.

The remuneration to employees is paid in the form of share or cash dividends. The remuneration to Directors is paid in the form of cash, which is to be carried out by the Board of Directors with the presence of more than two-thirds of the Directors and resolved by more than half of the Directors present; also, it should be reported to the shareholders' meeting.

(II) Information on proposed employee remuneration as approved by the Board of Directors.

(1) Remuneration for employees (including managers'): NT$109,381 thousand

(2) Remuneration for Directors: NT$40,031 thousand

(3) Number of employee bonus shares proposed to be distributed in stock: None

There is no difference between the above-proposed employee and Director remuneration and the expense recognized in 2022.

(III) The actual distribution of employees' and Directors' remuneration (including the number of shares distributed, amount and share price) in the previous year, and the differences in recognition of employees' and Directors' remuneration, together with a description of the differences, the reasons for the differences and the circumstances under which the differences were handled.

The actual amounts of employees' and Directors' remuneration for 2021 were NT$141,421 thousand and NT$32,019 thousand, respectively, which were consistent with the amounts estimated in the previous year, and there was no difference.

IX. Repurchase the Company's shares

(1) Repurchases of the Company's shares (for those executed)

Repurchase term (Note)	1st time (tranche)	2nd time (tranche)	3rd time (tranche)	4th time (tranche)
Purpose	Transfer to employees	Transfer to employees	Transfer to employees	Transfer to employees
Repurchase period	August 25, 2006 to October 24, 2006	August 10, 2011 to October 9, 2011	August 28, 2015 to October 27, 2015	November 6, 2015 to January 5, 2016
Price range	NT$9.80 – NT$19.00	NT$11.35 – NT$30.90	NT$14.25 – NT$32.10	NT$16.00 – NT$33.70
Type and number of shares repurchased	2,714,000 ordinary shares	6,119,000 ordinary shares	27,000 ordinary shares	1,477,000 ordinary shares
Amount of shares repurchased	NTD 35,744,378	NT$107,255,271	NT$567,375	NT$34,383,454
Ratio of repurchased shares to shares repurchase planned	54.28	61.19	0.27	14.77
Number of shares canceled and transferred	2,714,000 shares	6,119,000 shares	27,000 shares	1,477,000 shares
Accumulated shareholdings of the Company	0	0	0	0
Ratio of accumulated shareholdings of the Company to total issued shares	0	0	0	0

Repurchase term (Note)	5th time (tranche)
Purpose	Transfer to employees
Repurchase period	March 19, 2020 to May 18, 2020
Price range	NT$22.60 – NT$57.10
Type and number of shares repurchased	50,000 ordinary shares
Amount of shares repurchased	NT$1,528,149
Ratio of repurchased shares to shares repurchase planned	1.00
Number of shares canceled and transferred	50,000 shares
Accumulated shareholdings of the Company	0
Ratio of accumulated shareholdings of the Company to total issued shares	0

X. Corporate bonds: None

XI. Preferred stocks: None

XII. Overseas depository receipts: None

XIII. Employee stock options: None

XIV. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None

XV. Implementation of capital utilization plan

(I) Plan content: As of the quarter preceding the publication date of the annual report, for previous issues or private placements of marketable securities that have not yet been completed or have been completed within the last three years and the benefits of the plans have not yet been realized, the Company shall provide details of each previous issuance or private placement of marketable securities, including the contents of each change, the source and use of funds, the reasons for the change, the benefits before and after the change, and the date when the change was submitted to the shareholders' meeting, and shall publish the date of input into the information reporting website designated by the authority: None.

(II) Implementation status: For each of the purposes of the plan mentioned in the preceding paragraph, analyze the implementation status of each plan as of the quarter preceding the publication date of the annual report and compare it with the original estimated benefits. If the progress of implementation or the benefits do not meet the estimated targets, the reasons, the impact on shareholders' equity, and improvement plans should be specified. If the content of each plan in the preceding paragraph fall under the below items, the following shall also be disclosed.

1. In the case of merger or acquisition of other companies, expansion or new construction of fixed assets, a comparison of fixed assets, operating revenues, operating costs and operating profits should be provided: No such matters.
2. For investment in another company, the operating conditions of the invested enterprise and the effect on the Company's investment income or loss should be explained: No such matters.
3. If the purpose is to increase operating capital and repay debts, a comparative description of the increase or decrease in current assets, current liabilities and total liabilities, interest expense, operating revenues and earnings per share should be provided, and the financial structure should be analyzed: No such matters.

Five. Operation Overview

I. Description of business

(I) Scope of business

1. Main content: The Company's business is property insurance
2. Business weightage

2022

Type	Premium revenues (Thousands of NTD)	Weight
Fire insurance	4,182,739	18.67%
Marine insurance	994,808	4.44%
Automobile insurance	11,883,395	53.05%
Engineering insurance	1,228,472	5.48%
Liability insurance	1,853,918	8.28%
Injury & health insurance	2,258,918	10.08%
Total	22,402,250	100.00%

Source: The Non-Life Insurance Association's 2022 industry performance of written policies

3. Current products
   (1) Fire insurance: residential fire insurance, residential earthquake insurance, comprehensive home insurance, commercial fire insurance, commercial earthquake insurance, typhoon and flood insurance.
   (2) Transportation insurance: cargo insurance, hull insurance, fishing vessel insurance, aviation insurance, commercial movable property comprehensive insurance, cargo carrier liability insurance, ocean freight champerty liability insurance.
   (3) Automobile insurance: Any loss of vehicle, any theft loss, any automobile liability insurance, mandatory automobile liability insurance.
   (4) Engineering insurance: construction comprehensive insurance, installation engineering insurance, construction machinery insurance, boiler insurance, machinery insurance, and electronic equipment insurance.
   (5) Liability insurance: general liability insurance, professional liability insurance, guarantee insurance, personal comprehensive insurance, comprehensive commercial insurance, agricultural insurance, other property insurance, and credit insurance.
   (6) Injury insurance: group injury insurance, personal injury insurance, travel safety insurance, and travel comprehensive insurance.
   (7) Health insurance: individual medical insurance, group health insurance.

4. Products and services planned to be developed.
   The Company focuses on the research and development of new products, designs diversified product contents, and attaches attention to the principles of damage compensation and reasonable pricing in the hope of developing new business sources and stabilizing premiums from written policies, and in turn, increasing the overall business scale of the Company. At the same time, we will strengthen the selection of quality businesses and implement the underwriting policy of each insurance company, so as to keep the loss ratio within the estimated range and improve the Company's operating profit. In terms of service, we aim to improve the speed and quality of our claims service and strengthen the professional training of our service staff to create a satisfactory and reliable insurance environment for our customers, as the primary goal of ShinKong Insurance Co., Ltd.

(II) Industry overview:

1. Current status and development of the industry

In 2022, the total premiums from written policies in the general property insurance market were $220.316 billion, representing a growth rate of 6.57%. The following table summarizes the information on each insurance type in the past two years in terms of premiums from written policies, growth rate and percentage.

Unit: NT$ thousand

Item \ Year	2021	2022	Growth rate	Weight
Fire insurance	29,531,996	32,504,396	10.07%	14.75%
Marine insurance	9,096,080	10,240,877	12.59%	4.65%
Automobile insurance	108,147,815	115,270,877	6.59%	52.32%
Engineering insurance	6,516,017	7,911,050	21.41%	3.59%
Liability insurance	28,992,025	28,542,330	(1.55%)	12.96%
Injury & health insurance	24,445,123	25,846,955	5.73%	11.73%
Total	206,729,055	220,316,596	6.57%	100%

Note: Excluding the reinsurance portion

Source: The Non-Life Insurance Association's 2022 industry performance of written policies

2. Correlation among the upstream, midstream and downstream industries

The Company is in the property insurance industry and not in the manufacturing industry, so it is engaged only in the sale of various types of property insurance and its related business operations.

3. Various development trends and competition of products

Automobile insurance: Even though the severity of COVID-19's outbreak is slowing down, the supply chain of the automobile industry is unlikely to recover to normality recently; high inflation worldwide also affects the vehicle acquisition intention of citizens; there are multiple macroeconomic factors remain; therefore, it is estimated that the automobile market in 2023 will maintain still or record a slight decline. Apart from continuing to develop channel operations, the Company also introduced premium operations and improved the renewal rate of premium businesses by adopting differentiated underwriting policies and regularly replaced businesses with long-term unfavorable consolidated rates to improve the premiums from written policies and improve shareholders' interest.

Fire insurance: The international reinsurance market maintains conservative and stringent in terms of manufacturing industries in Asia. It is estimated that the rates for jumbo coverage and high-risk operations will continue to increase. In addition, benefiting from plant expansions of large-scale technology companies, the growing momentum of premiums for the overall commercial fire insurance

will remain.

Marine insurance: With the fading outbreak of COVID-19, port congestion and container shortage have improved; however, due to the inflation caused by the Russia-Ukraine War, it is estimated that the global transportation demand will record a slowdown. Global economic development affects the demand for cargo and the growth of the marine insurance market. The Company will continue to secure businesses with favorable quality based on the existing underwriting policies and spread its risks through appropriate reinsurance, continue to improve our operating quality under the stable business strategies, and further improve our underwriting performance.

Engineering insurance: In 2023, there will be new wind farm projects joining the offshore wind farm construction; also, with the public engineering construction from the private sector, the continual expansion in investments and construction of the government, and the increase in the costs of engineering insurance in the reinsurance market, it is estimated that the business growth for engineering insurance will further increase. The Company will actively strive to secure large-scale constructions and grasp premium small-to-medium constructions, and carry out surveys and rate adjustments for underwriting businesses with high risks, alongside the reinsurance for risk dispersion, to achieve the purpose of risk control and create more favorable premiums from written policies.

Liability insurance: In 2023, due to the release of pandemic control policies in the international market, it is estimated that insurance related to travel will bring contributions to the liability insurance market; however, due to the adverse effects caused by the pandemic control insurance, it is estimated that the overall market will remain still as compared to 2022. The Company will focus on improving cooperation with premium channels, exploring new customers, and maintaining its growth momentum regarding its liability insurance operation. Furthermore, we will continue to examine our business structure and make use of our professional and claim experience to improve the underwriting business of the Company.

Injury and health insurance: In 2023, we will continue to adopt measures to examine and adjust premium rates of products from last year and make implementations in Q1, which will help improve and increase the premiums from written policies of injury and health insurance. As the travel insurance market is expected to return to prosperity before the outbreak, the Company has been actively making arrangements for products in the travel insurance market. For the operation of injury and health insurance during the year, it is expected to focus on minimizing the retained consolidated rates by adopting conservatism as the primary objective for business development

(III) Technology and R&D overview: Please refer to item (V) of the 2022 Business Report.

(IV) Short and long-term business development plan:

1. Short-term plan

(1) Expand market share for market ranking.
(2) Grasp the opportunity of the Internet and strengthen e-commerce.
(3) Eliminate non-performing businesses and develop quality businesses.
(4) Increase renewal rate and retain existing customers.
(5) Implement business restructuring and balance development.
(6) Develop innovative products and improve market diversity.
(7) Implement internal operation control system and sound legal compliance.

2. Long-term plan

(1) Continuing education and training to enhance the underwriting claims profession.
(2) Customer-oriented to improve customer satisfaction.
(3) Develop various quality channels and expand related businesses.
(4) Deepen the bank and local channels to strengthen customer trust.
(5) Integrate the company's overall resources and professional division of labor, and give full play to efficient team spirit.
(6) Stable growth to enhance underwriting profitability.

II. Market and Production and Sales Overview

(I) Market analysis

1. The Company's main products (services) are sold (provided) in the following regions: Taiwan, Penghu, Kinmen, and Matsu regions of the Republic of China.
2. Market share in 2022: Approximately 10.17%
3. Future market supply/demand and growth potentials

Taiwan's overall general property insurance market is limited in size and greatly influenced by economic factors, and with the increasing liberalization of the general insurance market and the impact of rate liberalization in recent years, the market is under greater competitive pressure. The market has shown the phenomenon that the winner takes it all, and the powerful are always powerful. The top five insurance companies have a market share of over 60%. All the property insurance companies are seeking to improve the quality of their services, reduce costs and respond to market changes with marketing strategies in order to compete for limited market resources.

(1) Domestic market supply forecast

Under the government's policy of promoting economic liberalization and internationalization and liberalizing the establishment of insurance companies, there were 14 domestic companies and several foreign companies as of the end of 2022. It is expected that the market will become more competitive in the future. The top five insurance companies have accounted for more than 60% of the market, and the market has shown the phenomenon that the winner takes it all and the powerful are always powerful, making the market increasingly competitive for smaller companies.

(2) Domestic market supply forecast

The demand for insurance is closely related to economic growth and national income. In recent years, the domestic economy has grown steadily, coupled with the popularity of education, the concept of insurance risk transfer has become more mature, and the increase in various emerging risk products has contributed to the expansion of the general insurance market. The domestic economy is expected to continue to recover with the releases of pandemic control measures one after another in 2023, and the awareness of insurance is expected to increase, and under the influence of many factors, such as policy liberalization, the demand in the

domestic market is expected to increase in 2023.

4. Expected sales volume and its basis, competitive niche.
   Based on the above factors, it is expected that the overall market will continue to grow steadily in 2023, and the company will maintain steady growth based on the following competitive advantages.
   (1) Policy liberalization and expansion of the overall market size.
   (2) Actively deploy in the e-commerce market to seize online business opportunities.
   (3) The affiliated enterprise group includes banks, life insurance companies and insurance brokerage with abundant resources.
   (4) Further cultivate the banking channel and develop quality business.
   (5) Coach corporate insurance talents and strengthen the development of corporate clients.
   (6) Develop quality channels for auto insurance and sales channels for car dealers.
   (7) Grasp emerging risk opportunities and actively develop new products and services.
5. Analysis of the advantages and disadvantages of the development prospect and countermeasures.
   (1) Advantages:
      A. Long history, rich insurance experience and professional talents.
      B. High brand awareness, diversified affiliates, and good strategic cooperation benefits.
      C. Customer service-oriented and ethical corporate operation.
      D. The third largest insurance company, with market influence and competitiveness.
      E. Steady operation, stringent risk control, financial soundness, excellent credit rating.
      F. Good employee quality, professional young management team
      G. Emphasis on professional training, education and training was recognized by the Insurance Excellence Award "Talent Training Excellence Award," the Ministry of Labor "Taiwan Training Quality (TTQS) Silver Medal," and “Faith, Hope & Love Awards of Insurance – Best Insurance Professional Award.”
      H. The whole province is connected by video, and there is a zero-time lag in the delivery of orders and education training.
      I. Powerful MIS core information system to provide various cross-platform insurance services.
      J. Premium operations; we received the honorary gold award under the “Taiwan Outstanding Insurance Award,” a national award for the insurance industry” in terms of risk management, insurance customer services, and promotion of compulsory automobile liability insurance.
      K. Establish an internal control system in accordance with laws and regulations to implement risk control and corporate governance.
      L. Implement ESG development, promote green finance, care for the disadvantaged and public welfare, and improve corporate governance; we were recognized with the “Taiwan Outstanding Insurance Award – Social Care Silver Award” and the “Best Insurance Rating – Best ESG Award” and Faith, Hope & Love Awards of Insurance –Best Social Responsibility Award” with favorable social images.

(2) Disadvantages:

A. The market has become more competitive with the entry of new operators.
Countermeasures: Consolidate the original customer base and explore new business opportunities by strengthening channel development and product differentiation.

B. The social climate has changed for the worse, and moral risks have increased.
Countermeasures: Strengthen professional training in underwriting and use the information for comparison and screening, develop AI assistance and use Big Data for data analysis and comparison to reduce the generation of risks.

C. External policy factors affect the investment environment and the outward migration of industries to reduce the market size.
Countermeasures: Establish OIU business to undertake foreign business and cultivate international reinsurance talents.

D. In recent years, domestic natural disaster losses have affected foreign reinsurance companies' ability to take on gains and losses, and the cost of reinsurance arrangements has increased.
Countermeasures: Improve underwriting risk identification and capital utilization efficiency to increase retention appetite. Develop excellent reinsurance and actuarial staff to properly arrange underwriting risks.

(V) Key applications and production processes of major products

1. Important Uses
The main function of property insurance is to transfer the risk away from the policyholder by paying the premium and to provide protection and damage prevention services.
2. Production Process
The insurance products designed and issued by the property insurance company must be approved by the relevant regulations in accordance with the loss rate and cost rate, and the policy terms must be approved by the competent authorities before issuance.

(III) Supply of major raw materials: The Company is not a manufacturing company, so it is not applicable.

(IV) List of major suppliers and customers for the most recent 2 years

1. The names of customers who have accounted for more than 10% of the total sales in any of the most recent 2 years and the amounts and percentages of sales: None.
2. The names of suppliers who have accounted for more than 10% of the total sales in any of the most recent 2 years and the amounts and percentages of purchases: None.

(V) Production volume and value for the most recent two years: Not applicable

(VI) Sales volume and value for the most recent two years: Not applicable (Direct Premium Revenue from written policies)

Unit: NT$ thousand

Year / Item	2021		2022	
	Premium	Number of policies	Premium	Number of policies
Fire insurance	3,813,860	348,483	4,182,739	359,856
Marine insurance	1,187,123	101,912	994,808	83,513
Automobile insurance	11,493,868	3,625,823	11,883,395	3,566,327
Engineering insurance	1,113,168	26,334	1,228,472	26,576
Liability insurance	1,794,300	378,038	1,853,918	285,718

Item \ Year	2021		2022	
	Premium	Number of policies	Premium	Number of policies
Injury & health insurance	2,329,636	395,787	2,258,918	392,760
Total	21,731,955	4,876,377	22,402,250	4,714,750

Note: Excluding the reinsurance portion

Source: The Non-Life Insurance Association's 2022 industry performance of written policies

III. The information on employees within the last two years and up to the printing date of the annual report

March 31, 2023

Item	Year	2021	2022	Current year as of March 31, 2023
Number of employees	Headquarters	456	424	430
	Branches	1228	1191	1162
	Total	1684	1615	1592
Average age		39	39	40
Average seniority		11.37	11.59	12.09
Education distribution %	Doctor	0	0	0
	Master	5.34	5.26	5.28
	University and college	88.54	88.98	88.19
	High school	6.12	5.76	6.53
	Below high school	0.00	0.00	0.00

IV. Information on environmental protection expenditures

The Company is engaging in the insurance service industry and has no significant contamination; therefore, this is not applicable.

V. Labor Relations:

(I) All kinds of employee welfare measures, continuing education, training, retirement system and its implementation, labor agreement, and all kinds of employee rights protection measures:

1. Employees benefit measures:
   In addition to vacations, labor insurance and universal health insurance, employees of the Company are also covered by group accident insurance, and an "Employee Welfare Committee" has been established to promote various welfare activities. The "Employee Welfare Committee" provides annual employee travel subsidies, sympathy subsidies, child education subsidies, and wedding and funeral subsidies, as well as occasional employee discount programs in cooperation with major manufacturers and a subsidy application mechanism for natural disaster and emergency relief. The company also provides an employee compensation system so that corporate benefits are shared with employees.
2. Employee education and training:
   The Company actively conducts a variety of on-the-job training programs for employees.

In addition to training in various domestic educational institutions, or sending employees to attend seminars and workshops, the Company provides overseas training opportunities for employees in order to enhance their professional skills. With regards to employees' on-the-job training, if an employee meets the requirements of the company's incentive program, he/she will be given a grant for each semester of study. In order to encourage colleagues to further their insurance-related knowledge, we have set up a book club and a database of past exams on underwriting and claims, and collected questions on underwriting and claims and invited qualified and professional colleagues to provide answers for colleagues' reference. We also provide assistance and rewards such as meal fees and bonuses to encourage colleagues to actively take the exam. In addition, the "e-Learning" platform and video equipment have been built so that colleagues at all locations in the province can learn new knowledge and enrich themselves anytime and anywhere, without the restrictions of time and place. In 2014, when we first applied for the TTQS assessment by the Ministry of Labor Development, we received a bronze-level assessment result, and in 2018, we were promoted to the silver level, and in 2020, we will again receive a silver TTQS assessment level; in 2021, we received the Outstanding Talent Cultivation Silver Award in the 9th Taiwan Outstanding Insurance Award. This is a recognition of the company's efforts and professionalism in human resources training.

Item	Training Hours
Management Category	13,163
Technical Expertise	39,422
Product Signature	663
Audit Personnel	414
Total amount for 2022	NT$4,262 thousand

3. Retirement system:
The Company's retirement plan is summarized as follows: 5% of the total salaries paid in a given year is allocated and deposited into a dedicated account in the Bank of Taiwan's trustee department; for managers, variable amounts are allocated and deposited into the Labor Retirement Reserve Fund Account.

A. Voluntary retirement:
(1) Those with more than 25 years of service.
(2) Those who have at least fifteen years of service and are at least fifty-five years old.
(3) Those who have at least ten years of service and are at least sixty years old.

B. Compulsory Retirement:
(1) Those who are sixty-five years old or older.
(2) A person who is mentally or physically incapacitated for work.

The above-mentioned retirees are paid with their respective pension plans, for up to 45 months of their pension bases, with an additional 20% for those who suffer from mental or physical disability or serious injury or illness as a result of performing their duties.
The Labor Pension Regulation came into effect on July 1, 2005, and adopts a Defined Contribution Plan. After its implementation, employees may now choose to adopt the pension regulations applicable to the Labor Standards Act or adopt the pension system as stipulated in the Act and retain the work seniority prior to their application of the Act. For those who choose to adopt applicable regulations, the Company shall contribute no less than 6% of the employee's monthly salary to the employee's monthly pension.

4. Labor management agreements
   In order to protect the rights and interests of employees and harmonize labor relations, the Company strengthens labor harmony and does two-way communication and coordination to resolve problems. Therefore, there have been no significant unresolved labor disputes up to now.
5. Employee rights protection measures.
   The Company has established rules and regulations for the work of its employees and enforces them to protect their rights and interests. Regular quarterly labor-management meetings and Labor Pension Supervisory Committee meetings are held to discuss and record the contents of the meetings on labor relations and retirement issues. A Personnel Review Committee is established to handle the promotion, reward and punishment of employees in a fair and impartial manner. In addition, we have implemented the regulations of the Gender Equality Act in the field of attendance management, maternity leaves without pay, recruitment and sexual harassment prevention.
   In addition, we have set up a mailbox for employees' opinions (public@skinsurance.com.tw), and employees can make suggestions for work improvement in a confidential manner. The receiving and responsible unit should handle the matter promptly within the prescribed period and report the result to the president and then reply to the proposer. All matters related to labor laws and regulations may be appealed to the head of each department or the human resources unit.

(II) Formulation of Code of ethical conduct for employees.

The Company's code of conduct and ethics for its employees is set out in the Service Code section of the Work Rules and the Code of Ethical Conduct for employees to follow.

1. Employees shall be loyal to their duties, obey all company rules and orders, and obey the direction and supervision of supervisors at all levels.
2. The staff shall handle the cases as they come and shall not accumulate any backlog. The staff shall keep the documents and properties under their management in the designated place, and shall not take them out or damage them or lose them. In the event of extraordinary events, the staff shall make every effort to make the most appropriate disposal.
3. Employees shall maintain a high degree of confidentiality regarding the Company's business, customer information and trade secrets and shall not disclose them to outside parties or to unrelated colleagues, nor shall they do so after leaving (retiring) the Company.
4. Employees shall not use the name of the Company or the name of their position to assume debts or guarantees for others without authorization.
5. Employees shall not bring prohibited items, dangerous items, or items not authorized or related to official duties into the workplace.
6. Employees are not allowed to bring friends or relatives into the workplace without permission.
7. Employees shall take good care of the public property and shall not steal or arbitrarily damage or waste it; they shall not use public property for private purposes or take it out without permission.
8. Staff members are not allowed to read any cards, forms, documents, correspondence, etc., that are not part of their duties.
9. Staff should always keep the workplace clean and sanitary.
10. Staff should go on and off duty according to the stipulated time and sign in (out) according to the regulations.
11. Staff members shall not use the convenience of their duties for personal gain or to benefit themselves or others.
12. Staff members are not allowed to leave their duties during working hours without

permission from their supervisor. If employees are away on business, they must complete the outbound application process.

13. Staff should serve customers honestly.
14. Employees shall abstain from bad habits and shall not take drugs, gamble on the property, or engage in any other behavior that is illegal or detrimental to the reputation of the Company.
15. Employees shall cultivate integrity and take care to protect the reputation of the Company and shall not accept hospitality, gifts or other unlawful benefits through their duties.

(III) Circumstances in which the Company's personnel involved in the transparency of financial information obtain the relevant licenses specified by the competent authorities:

License type	Organizer	No. of Person
Property insurance salesperson test	The Non-life Insurance Association of the Republic of China	1,599
Life insurance salesperson test	The Life Insurance Association of the Republic of China	866
Investment insurance instrument salesperson test	Taiwan Insurance Institute	275
Foreign currency non-investment policy salesperson	Taiwan Insurance Institute	490
Qualification Examination for Property Insurance Underwriting and Claim Settlement Personnel	The Non-life Underwriters Society of the Republic of China	358
R.O.C. Life Insurance Underwriters and Claim Settlement Personnel	Life Insurance Management Institute of the Republic of China	28
Regular member of the Actuarial Institute of the Republic of China (Taiwan)	Actuarial Institute of the Republic of China (Taiwan)	2
Associate member of the Actuarial Institute	Actuarial Institute of the Republic of	1
Personal Risk Manager	Risk Management Society of Taiwan	4
Project Management Professional (PMP)	Project Management Institute	2
Attorney	Examination Yuan	1
Certified Public Accountant	Examination Yuan	1
Fire Protection Technician	Examination Yuan	1

(IV) Work environment and employee safety protection measures.

1. Access Control Security: The office is equipped with an access control system, and security guards are hired to control the people entering and leaving the office, and security guards are available at night and on holidays to maintain the safety of staff and facilities.
2. Maintenance and inspection of equipment: The Company regularly commissions professional companies to conduct public safety inspections of buildings in accordance with the relevant regulations on public safety inspections of buildings, and uses infrared scanners to check the temperature status of power distribution panels in the headquarters building once every two years to maintain the safety of employees' lives. We also implement and report the maintenance and inspection of fire-fighting apparatus and other equipment on a regular basis by March each year to ensure the

safety of the office environment in accordance with the fire-fighting regulations and other relevant provisions. Air conditioning is regularly maintained and cleaned every two years to ensure the air quality in the office.

3. Physiological/mental health: In line with the government's decree and policy, our office is completely smoke-free to maintain the air quality of the working environment. The Company provides employee health checkups every two years with items that are better than the regulations. We select hospitals with TAF certification to conduct employee health checkups. Health promotion activities (e.g., flu vaccination, smoking cessation classes, weight loss classes) and health seminars (e.g., first aid seminars, AED use seminars, tobacco prevention and control seminars) are held from time to time to keep our employees physically and mentally healthy.

(V) Losses incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report and disclosure of the estimated amount of current or future potential losses and countermeasures:

1. Losses incurred due to labor-management disputes in the most recent year: In the most recent year and in the current year and up to the date of the publication of the annual report, the Company did not suffer any significant losses due to labor disputes.
2. The estimated amount of current or future potential losses and countermeasures:
   The Company has applied the provisions of the Labor Standards Act since April 1, 1998. In addition to the employee's entitlement to leave, labor insurance, and national health insurance, the Company also purchases group accident insurance for employees and establishes an "Employee Welfare Committee" to promote various welfare activities, such as club activities and employee travel. In addition, we will cooperate with the company to give gifts, condolences, and memorials in case of marriage, hospitalization, or death. We also actively conduct a variety of on-the-job training programs for employees. In addition to training in various domestic educational institutions, or sending employees to attend seminars, workshops, and further education, the Company provides overseas training opportunities for employees in order to enhance their professional skills. In 2007, the Company established the Employees' Retirement Measures and set aside reserves for employees' pensions, and since 1999, the Company has deposited pension funds in a special account in the Trust Department of the Bank of Taiwan to take care of employees' livelihood. Therefore, labor relations are harmonious. In addition, active labor-management communication and full coordination, as well as employee bonus shares, enable employers and employees to establish mutual assistance and common prosperity, so as to create profits to share together and eliminate the incentive for disputes to arise. In order to protect the rights and interests of employees and harmonize labor relations, the Company strengthens labor two-way communications. Therefore, there have been no significant unresolved labor disputes up to now.

VI. Cybersecurity management

(I) Describe Information Safety Risk Management Structure, Information Security Policy, Specified Cybersecurity Management Plan, and Resources Invested in Cybersecurity Safety Management:

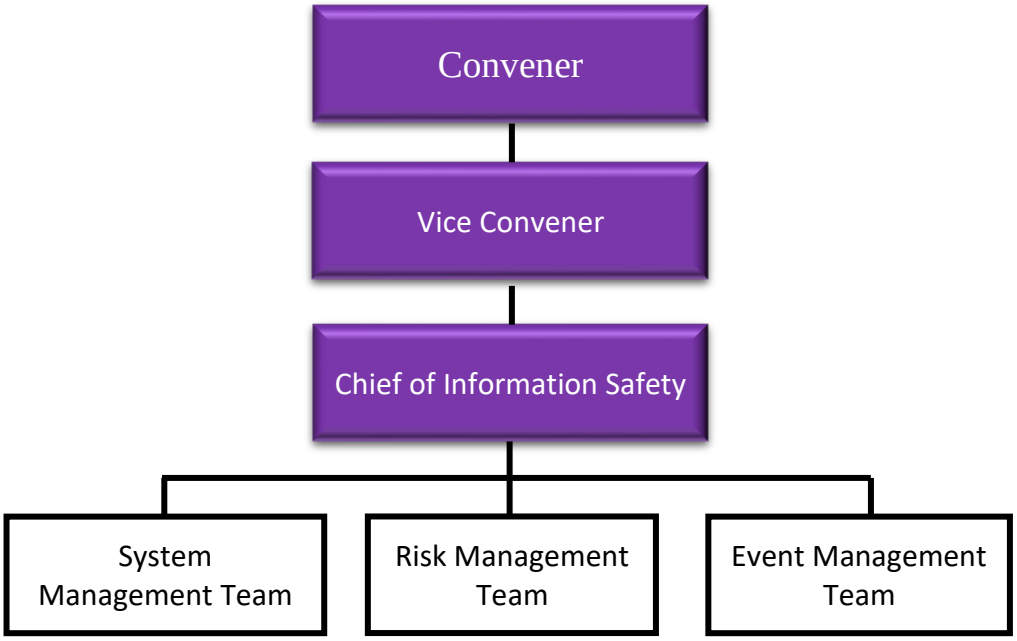
1. Information Safety Risk Management Structure

To implement relevant tasks of the information safety management of the Company, coordination for information safety operations between all departments, and external communications, the Company has established and formed the “Information Safety Management Committee” according to the “Information Safety Policy” to coordinate

the negotiations and discussions regarding information safety policies, plans, resource allocations, and other matters.

The dedicated information safety unit shall report to the Board regarding the overall execution status of information safety to reinforce information safety protection.

We continue to maintain the effectiveness of the ISMS certification through third-party audits and implement our management systems. The Company has passed the ISO 27001 International Information Safety Certification.



2.Information Security Policy

In order to strengthen our information security management, implement information security policies, and measure and consider the needs of our units to ensure the confidentiality, integrity and availability of information, the reliability of information equipment (including computer hardware, software, and peripherals) and network systems, and the awareness of information security among our employees, and to ensure that the above-mentioned resources are protected from interference, destruction, intrusion, or any adverse actions and attempts by any factors, we have established this policy.

A. Statement of Information Security Policy of the Company

a.Establish an "Information Security Management Committee" to confirm the effectiveness of information security management operations.

b.Establish an inventory of information assets, perform risk assessment operations, conduct risk management for risks above acceptable levels to effectively reduce risks, and continuously implement various control measures.

c.All employees, contractors and third parties who use the Company's information to provide information services or perform related information operations have the responsibility and obligation to protect the Company's information assets from unauthorized access, alteration, destruction or improper disclosure.

d.Develop our business continuity plan, rehearse it on a regular basis, and update it continuously in line with our business development and organizational status.

e.Establish a safe and secure information system environment to enable our

business to operate sustainably.

f. Member information and insurance information are treated as confidential to the Company's business, and personnel who handle or use confidential information must follow the authority granted to them and must not exceed it.

g. All employees of the Company shall comply with the requirements of legal regulations and information security policies, and supervisors shall supervise the implementation of information security and strengthen employees' awareness of information security and the concept of compliance with the law.

h. Information security is the common responsibility of all staff, and we will continue to review and improve to ensure that our information security system is perfected.

B. Information security objective

Maintain the confidentiality, integrity and availability of our information assets and protect the privacy of our customers' information by working together as a team to achieve the following goals.

a. Protect the information of our business activities from unauthorized access and modification to ensure its accuracy and integrity.

b. Establish a dedicated information security organization responsible for developing, promoting, implementing, evaluating and improving information security management practices to ensure that the Company has an information environment in which its business can continue to operate.

c. Provide information security education and training to promote employee awareness of information security and strengthen their understanding of their responsibilities.

d. Implement an information security risk assessment mechanism to enhance the effectiveness and timeliness of information security management.

e. Implement an internal audit system for information security to ensure the implementation of information security management.

f. The execution of the Company's business activities shall comply with the requirements of the relevant laws or regulations.

g. Information security target measurement indicators should be measured according to the planning period to confirm their validity, reviewed and ruled at the management review meeting, and reviewed or revised at least once a year.

C. Review

The policy shall be included in the management review meeting for evaluation at least once a year to reflect the latest development status of the governmental laws, technologies, and businesses, ensuring the effectiveness of the information safety practices.

3.Specified Cybersecurity Management Plan

A. Mail Audit:

Automatically examine the content of e-mails from external parties through the system and establish the encryption system for sensitive data to avoid damages to customers’ interests resulting from relevant sensitive data being missent or being abused after the theft of such e-mails by third parties.

B. Control on USB devices and discs for Internal PCs:

Make use of the control on flash drives and memory cards and control on the burner function of the CD-ROM drive to avoid significant business information or customers’ sensitive information from being retrieved when PCs are invaded.

C. IPS:
Utilize the second line IPS equipment set up internally to improve the function of blocking malicious external invasion and attacks and protect the Company's internal mainframe, network, and PCs from the theft of significant business data and customer data due to the invasion.

D. External network protection:
HiNet DDoS advanced protection can prevent the Company's network from being paralyzed by the suspension of customer services by intentional personage through DDoS attacks.

E. Computer online management:
Carry out webpage control (such as not being able to open pornographic websites, games, cloud space, and social media websites to prevent the computers from being implanted with zombie viruses or Trojan viruses.

F. Server frame management:
Divide into the DMZ Zone (Demilitarized Zone), OA Zone (Office Automation Zone), and SF Zone (Server Frame Zone), adopt two lines of firewalls for control, and implement segregation access control to avoid unauthorized usage.

G. F-ISAC:
Improve the Company's information safety protection capacity through nine major services provided by F-ISAC, including information safety report, information analysis, information sharing for information safety, assistance in information safety consultation and evaluation, seminar and educational training, international exchanges, assistance in the emergency management of information safety event, information safety drills for financial institutions, and assistance in the information safety specification evaluation and recommendation.

H. Establishment of WAF:
Protect the website from SQL Injection, malware, and other attacks from hackers.

4.Resources Invested in Cybersecurity Safety Management

A. The Information Safety Management Committee convenes the information management review meeting (the content describes the follow-up and processing status of prior management review conclusions, changes in internal and external issues related to the information safety management system, feedback on information safety performances, feedback from stake-holding groups, results of risk assessment and status of risk processing plans, and recommendations for continual improvement) each year.

B. The Company regularly organizes information safety educational training as well as e-mail and social media engineering drills for all employees each year.

C. The Company actively implements the continual operation drill plan for its business and compiles exercise result reports based on various records during the course of the information safety drills (i.e., WFH core information system drills, virus outbreak and malware invasion drill, DDoS attack drills, information system remote backup drill, and the information safety initiation drill for personal information leakage). We execute result analysis to examine whether there is room to improve regarding our information system to ensure that the organization possesses the capacity to respond to the risks related to the suspension of the

server room and significant information system for crucial businesses due to material malfunction or disasters, and protect the safety of personal information of all our customers.

(II) Set out the losses, possible effects, and countermeasures resulting from significant cybersecurity events in recent years; for those that cannot be reasonably estimated, please describe the fact that cannot be reasonably estimated: None.

VII. Major contracts

Nature	Party	Effective period	Major contents	Restrictive clause
Reinsurance contracts	All participating contractual reinsurers, of which the lead reinsurer includes: Central Reinsurance Corporation, Munich Re, Swiss Re, SCOR Re, Sompo International, Hannover Re, Korean Re, etc	2022.01.01 2022.12.31	Proportional contracts and non-proportional reinsurance contracts for each type of insurance	According to the agreement

Six. Financial Status

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial data for the most recent five years					
		2018	2019	2020	2021	2022	Current year as of March 31, 2023
Cash and cash equivalents		10,803,697	9,607,479	10,975,768	11,766,660	10,852,136	11,326,361
Accounts receivable		1,882,445	1,843,051	1,857,006	1,945,038	1,598,331	1,828,910
Financial assets and lending		12,629,322	16,020,607	16,726,129	19,561,027	21,811,610	22,089,544
Reinsurance contract assets		5,607,158	5,840,010	7,781,387	8,246,645	7,530,740	7,662,793
Property and equipment		1,024,792	1,110,073	1,080,035	1,308,644	1,146,939	1,148,887
Right-of-use assets		-	37,716	34,595	34,393	33,204	29,974
Intangible assets		37,028	30,808	19,525	27,455	22,846	24,112
Other assets		1,048,459	1,056,650	997,896	995,618	1,008,880	948,101
Total assets		33,032,901	35,546,394	39,472,341	43,885,480	44,004,686	45,058,682
Accounts Payables		2,407,691	2,700,923	2,438,589	2,894,222	2,691,211	2,532,095
Various financial liabilities		-	-	3,831	-	249,174	165,375
Lease liabilities		-	38,048	35,124	34,924	33,836	30,593
Provisions for Insurance liabilities and insurance contracts with financial instruments.		19,610,448	20,509,924	23,224,171	25,067,097	25,503,894	26,064,031
Provisions for liabilities		216,628	174,626	127,546	119,280	47,837	47,486
Other liabilities		206,303	448,607	419,380	512,725	448,779	361,676
Total liabilities	Before Distribution	22,441,070	23,872,128	26,248,641	28,628,248	28,974,731	29,201,256
	After Distribution	23,278,373	24,440,862	26,864,769	29,639,331	(note 2)	(note 2)
Share capital		3,159,633	3,159,633	3,159,633	3,159,633	3,159,633	3,159,633
Capital reserve		64,777	64,777	64,800	64,800	64,800	64,800
Retained earnings	Before Distribution	6,912,281	7,633,951	8,702,181	10,337,062	11,370,341	11,823,415
	After Distribution	6,074,978	7,065,217	8,086,053	9,325,979	(note 2)	(note 2)
Other equity		455,140	815,905	1,297,086	1,695,737	435,181	809,578
Total equity	Before Distribution	10,591,831	11,674,266	13,223,700	15,257,232	15,029,955	15,857,426
	After Distribution	9,754,528	11,105,532	12,607,572	14,246,149	(note 2)	(note 2)

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by CPAs.

Note 2: 2022 earnings distribution proposal has yet to be resolved by the shareholders' meeting.

Condensed Statement of Comprehensive Income

Unite: NT$ (in thousand)

Item \ Year	Financial data for the most recent five years					Current year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenues	14,749,316	15,531,150	16,510,114	18,464,058	18,930,606	4,694,714
Operating costs	(9,580,025)	(10,420,159)	(11,207,473)	(12,140,278)	(12,705,404)	(3,248,211)
Operating expenses	(3,156,419)	(3,241,421)	(3,386,841)	(3,659,020)	(3,764,558)	(889,434)
Non-operating revenues and expenses	3,356	21,323	13,844	(9,777)	13,172	1,235
Net profits (losses) before tax	2,016,228	1,890,893	1,929,644	2,654,983	2,473,816	558,304
Net profits (losses) for the period	1,770,368	1,562,053	1,629,724	2,253,993	2,003,570	453,074
Other comprehensive income for the period (Net after tax) Total comprehensive income for the period	(537,596)	357,685	488,421	395,667	(1,219,764)	374,397
Earnings per share (NT$)	1,232,772	1,919,738	2,118,145	2,649,660	783,806	827,471
Operating revenues	5.60	4.94	5.16	7.13	6.34	1.43

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by CPAs.

(II) CPAs and the audit status for the most recent five years

Year	CPA	Audit opinion
2018	Andrew Fuh, Bob Chang	Unqualified opinion
2019	Andrew Fuh, Bob Chang	Unqualified opinion
2020	Andrew Fuh, Bob Chang	Unqualified opinion
2021	Andrew Fuh, Bob Chang	Unqualified opinion
2022	Daniel Hsu, Bob Chang	Unqualified opinion

II. Financial analysis for the most recent five years (Finance Department) - FR

Financial analysis

Analysis item (Note 2) \ Year (Note 1)		Analysis of finance and business indicators for the most recent five years					Current year as of March 31, 2023
		2018	2019	2020	2021	2022	2023 Q1
Business indicator	Direct premium revenues change rate	3.70%	7.98%	7.29%	8.36%	3.08%(1)	6.99%
	Direct indemnity paid change rate	(17.08%)	13.91%	7.12%	(0.17%)	6.35%(2)	16.89%
	Retained premium change rate	5.87%	8.57%	6.11%	10.40%	5.83%(3)	4.25%
	Net worth ratio	32.06%	32.84%	33.50%	34.77%	34.16%	35.19%
Profitability indicator	Return on assets	5.44%	4.56%	4.35%	5.41%	4.56%	1.02%
	Return on equity	17.35%	14.03%	13.09%	15.83%	13.23%	2.93%
	Profit ratio of funds	3.29%	2.26%	2.39%	3.17%	1.54%(4)	0.29%
	Return on investment	2.99%	2.05%	2.18%	2.91%	1.42%(4)	0.27%
	Combined ratio	90.95%	91.58%	91.82%	88.95%	90.24%	88.48%
	Retained expense ratio	36.96%	35.84%	35.47%	35.30%	34.75%	31.52%
	Retained maximum probable loss ratio	53.99%	55.74%	56.35%	53.65%	55.49%	56.96%
Overall operating indicator	Retained premium to equity ratio	130.33%	128.38%	120.27%	115.08%	123.64%	31.10%
	Gross premium to equity ratio	170.24%	166.26%	156.92%	147.34%	153.78%	39.61%
	Net reinsurance commission to equity effect ratio	2.63%	2.37%	2.18%	1.64%	1.26%(5)	1.34%
	Various insurance liabilities to equity ratios	185.15%	175.68%	175.63%	164.30%	169.69%	164.36%
	Equity change ratio	7.93%	10.22%	13.27%	15.38%	(1.49%)(6)	5.51%
	Expense ratio	30.56%	29.77%	29.16%	29.16%	29.16%	26.02%

Explanation of the reasons for the changes in various financial business indicators in the last two years: The analyses of those with a change rate reaching 20% are as follows:

(1) Direct premium revenues change rate: Primarily due to the decrease in the increase in premiums from written policies of the year as compared to last year.

(2) Direct indemnity paid change rate: Primarily due to the increase in the increase in direct indemnity paid of the year as compared to last year.

(3) Retained premium change rate: Primarily due to the decrease in the increase in premiums from written policies of the year as compared to last year.

(4) Net yield from capital utilization and ROI: Primarily due to the decrease in the net investment gains for the year.

(5) Net reinsurance commission to equity effect ratio: Primarily due to the decrease in reinsurance commission income of the year.

(6) Equity change ratio: Primarily due to the decrease in equity resulting from the unrealized valuation losses of the year.

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by a CPA.

Note 2: The formulas for the analysis item are as follows.

1. Business indicator
   (1) Direct Premium revenues change ratio = (accumulated amount of direct Premium revenues in the current period-accumulated amount of direct Premium revenues in the previous period) / accumulated amount of direct Premium revenues in the previous period
   ["Direct insurance Premium revenues" refers to the insurance Premium revenues obtained by insurance companies from directly issuing insurance policies to the insured.]
   (2) Direct indemnity paid change ratio = (accumulated amount of direct indemnity paid in the current period - accumulated amount of direct indemnity paid in the previous period) / accumulated amount of direct indemnity paid in the previous period
   [Direct Indemnity Paid: refers to indemnity paid as a result of an insured accident under a policy issued directly to the insured by the insurance company.]
   (3) Retained premium change ratio = (accumulated amount of retained premium in the current period - accumulated amount of retained premium in the previous period) / accumulated amount of retained premium in the previous period
   [Retained premium = Direct premium revenue + reinsurance premium revenue - reinsurance premiums expenses]
   (4) Net worth ratio = equity / total assets excluding separate accounts for investment-linked insurance

2. Profitability indicator

   (1) Return on assets = [net income after tax + interest expense × (1 - tax rate)] / average total assets
   [Average total assets = (Opening assets + Closing assets)/2]
   (2) Return on equity = Profit or loss after tax / average equity
   [Average equity = (Current period equity + Previous period equity)/2]
   (3) Net return of fund Operations = (net investment income in current period + gain or loss on disposal of equity instruments at fair value through other comprehensive income in the current period)/[(funds available at the beginning of the period + funds available at the end of the period - net investment income in the current period - gain or loss on disposal of equity instruments at fair value through other comprehensive income in the current period)/2]
   (4) Return on investment = (net investment income in current period + gain or losson disposal of equity instruments at fair value through other comprehensive income in the current period) / [(opening assets + closing assets - net investment income in the current period - gain or loss on disposal of equity instruments at fair value through other comprehensive income in the current period)/2]
   (5) Combined ratio = Retained expense rate + Retained maximum probable loss ratio
   (6) Retained expense ratio = Retained expense / Retained premium
   [Retained premium = Direct premium revenue + reinsurance premium revenue - reinsurance premiums ceded]
   [Retained expenses = Commission and underwriting fee expense + reinsurance commission expense – reinsurance commission income + operating expenses + administrative expenses + depreciation and amortization of real estate for own use]
   (7) Retained earned loss ratio = Retained claims payments / retained earned Premium

revenues

[Retained claims payments = insurance claims and benefits - amortized reinsurance claims and benefits + net change in claims reserves]

[Retained earned premium revenues = underwriting premium revenues + reinsurance premium revenues - reinsurance premiums ceded - unearned premium reserve net change]

3. Overall operating indicator

(1) Retained premium to equity ratio = Retained premium/equity
(2) Gross premium to equity ratio = (direct Premium revenues + reinsurance Premium revenues) / equity
(3) Net reinsurance commission to equity effect ratio = (unearned premium reserve / retained premium) x reinsurance commission income/equity
(4) Various insurance liabilities to equity ratios = various insurance liabilities/ equity
[Various insurance liabilities = special reserve + claims reserve + unearned policy reserve + various other reserves]
(5) Equity change ratio = (current period equity-previous period equity) / absolute value of equity in the previous year
(6) Expense ratio = Expense / (direct Premium revenues + reinsurance Premium revenues)
[Expenses = commission and underwriting expenses + operating expenses + administrative expenses + depreciation and amortization of real estate for own use + reinsurance commission expenses]

III. Other material information sufficient to enhance the understanding of the financial position, financial performance and cash flow or its changing trends: None.

III. Review report of the Audit Committee for the financial statements of the most recent year

Review Report of the Audit Committee

The Board of Directors has prepared the Company's business report, financial statements and earnings distribution proposal for the year ended December 31, 2022, where the financial statements have been audited by CPAs Daniel Hsu and Bob Chang from Ernst & Young, who have issued the auditor's report. The above-mentioned reports and statements submitted by the Board of Directors have been examined by the Audit Committee, and no discrepancies have been found. A report was prepared according to Article 14-4 of the Securities and

Yours sincerely,

ShinKong Insurance Co., Ltd. 2023 Annual Shareholders' Meeting

Convener of the Audit Committee: CHOU, HSIEN-TSAI

March 7, 2023

IV. Independent auditor's report and financial statements for the most recent year

Independent Auditor's Report

Independent Auditors' Report Translated from Chinese

To: ShinKong Insurance Co., Ltd.

Opinion

We have audited the accompanying balance sheets of ShinKong Insurance Co., Ltd.(the "Company") as of December 31 2022 and 2021, and the related statements of comprehensive income for the years ended 31 December 2022 and 2021, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended 31 December 2022 and 2021 in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 in the Republic of China. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Repulic of China (the "Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. Based on our audits, 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 2022 financial statement. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Actuarial Calculation of Insurance Liability Reserves

The estimate of the insurance reserve is highly dependent on the subjective judgment of the internal actuarial experts of the Company. The actuarial assumptions are highly sensitive and the actuarial calculation of the insurance liability reserve is complex. Therefore, we have decided that it is a key audit matter. Our auditing procedures include, but are not limited to, obtaining an understanding of the internal controls relevant to the actuarial calculations of the insurance liability reserve, including the process of applying the assumptions and methods used by the experts engaged by the management, and the process by which the management reviews the actuarial results. This process includes a sampling review of the insurance liability reserve calculation source data, and engaging the internal actuarial experts to assist in reviewing and evaluating the actuarial assumptions and models, as well as the actuarial judgments made by the Company, including evaluating if various reserve assumptions and calculation methods are reasonable, and if the compulsory insurance complies with the regulations of the competent authorities. We also consider the appropriateness of the disclosures of insurance liabilities in Notes IV.14, V and VI.12 of the Financial Statements.

Valuation of Financial Instruments Measured at Fair Value

The fair value measurement of the Company's financial instruments are mainly based on publicly quoted prices in active markets. As frequent changes in the fair value of financial instruments have a significant effect on the Financial Statements, we have determined that this process is a key audit matter. Our auditing procedures include, but are not limited to: evaluating and testing the effectiveness of internal controls, relevant to the fair value of financial instruments, including the processes and methods established by management to maintain appropriate fair values, and the process by which management reviews the results of these evaluations. The recorded fair values are randomly checked on a sampling basis for the accuracy of the quoted prices in active markets. We also consider the appropriateness of the disclosures of fair value information in Notes IV.6, VI.3, VI.4 and VII.11 of the Financial Statements.

Responsibilities of Management and Those Charge with Governance of the Financial Statements

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

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

The charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the audit conducted in accordance with 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 financial statements.

As part of an audit in accordance with 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 misstatements of the 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 appropriate audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

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 evens or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the dated of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of 2022 financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young, Taiwan
The competent authorities approved the processing of financial reports of the public company
Auditing and Certification No. : (93) Chin-Kuan-Certificate-Zi No. 0930133943
(103)Chin-Kuan-Cheng-Shen-Zi No. 1030025503

Hsu Daniel

CPA:

Chang Bob

March 07, 2023

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheets

As at December 31, 2022 and December 31, 2021

Unit: NTD thousands

Assets			December 31, 2022		December 31, 2021	
Code	Account titles	Note	Amount	%	Amount	%
11000	Cash and cash equivalents	Ⅳ、Ⅵ、Ⅶ	$10,852,136	25	$11,766,660	27
12000	Accounts receivable	Ⅳ、Ⅵ、Ⅶ	1,598,331	4	1,945,038	4
14110	Financial assets at fair value through profit or loss	Ⅳ、Ⅵ、Ⅶ	6,747,161	15	8,823,185	20
14145	Financial assets based on cost after amortization	Ⅳ、Ⅵ、Ⅶ	11,149,971	25	6,941,041	16
14190	Financial assets at fair value through other comprehensive profit or loss	Ⅳ、Ⅵ、Ⅶ	1,352,772	3	1,388,344	3
14200	Investment property	Ⅳ、Ⅵ	2,561,706	6	2,408,457	5
15000	Reinsurance contract assets	Ⅳ、Ⅵ	7,530,740	17	8,246,645	19
16000	Property, plant, and equipment	Ⅳ、Ⅵ	1,146,939	3	1,308,644	3
16700	Right-of-use assets.	Ⅳ、Ⅵ	33,204	-	34,393	-
17000	Intangible assets	Ⅳ、Ⅵ	22,846	-	27,455	-
17800	Deferred income tax assets	Ⅳ、Ⅵ	212,032	-	262,673	1
18000	Other assets	Ⅵ	796,848	2	732,945	2
1XXXX	Total assets		$44,004,686	100	$43,885,480	100

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG　　President: HO, YING-LAN　　Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheets (continue)

As at December 31, 2022 and December 31, 2021

Unit: NTD thousands

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Account titles	Note	Amount	%	Amount	%
21000	Accounts Payables	VI、VII	$2,691,211	6	$2,894,222	7
21700	Current income tax liabilities	IV、VI	168,798	-	275,164	1
23200	Financial liabilities at fair value through profit or loss	IV、VI、VII	249,174	1	-	-
23800	Lease liabilities	IV、VI	33,836	-	34,924	-
24000	Insurance liabilities	IV、VI	25,503,894	58	25,067,097	57
27000	Reserve for liabilities	IV、VI	47,837	-	119,280	-
28000	Deferred tax liabilities	IV、VI	36,699	-	34,389	-
25000	Others		243,282	1	203,172	-
2XXXX	Total liabilities		28,974,731	66	26,248,641	65
31000	Capital stock	VI	3,159,633	7	3,159,633	8
32000	Capital reserves	IV、VI	64,800	-	64,800	-
33000	Retained earnings					
33100	Legal reserve	IV	3,651,093	8	3,200,891	7
33200	Special reserve	IV	6,504,748	15	5,669,201	13
33300	Undistributed earnings	VI	1,214,500	3	1,466,970	3
34000	Other equity		435,181	1	1,695,737	4
3XXXX	Total equity		15,029,955	34	15,257,232	35
	Total Liabilities and Equity		$44,004,686	100	$41,505,873	100

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars, except for Earnings Per Share)

Unit: NTD thousands

Code	Account titles	Notes	2022 Amount	2022 %	2021 Amount	2021 %
41000	Operating revenues:					
41110	Written premiums	IV、VII	$22,402,424	118	$21,732,070	118
41120	Reinsurance premium income	IV、VII	710,725	4	747,369	4
41100	Premium revenues		23,113,149	122	22,479,439	122
51100	Less: Reinsurance premiums ceded	IV、VII	(4,530,827)	(24)	(4,921,603)	(27)
51310	Unearned premium reserve net change	IV、VII	(630,942)	(3)	(717,027)	(4)
41130	Retained earned premium		17,951,380	95	16,840,809	91
41300	Reinsurance commission income	VII	281,148	2	357,737	2
41400	Income from handling fees		40,034	-	38,612	-
41500	Net gain from investment		618,172	3	1,200,969	7
41510	Interest revenue		364,795	2	308,794	2
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss		(1,491,116)	(8)	1,253,429	7
41526	Net gains from derecognition of financial assets at amortized cost		5,386	-	-	-
41527	Realized gain on financial assets at fair value through other comprehensive profit or loss		57,822	-	66,179	-
41550	Profit or loss from foreign exchange		552,704	3	(138,099)	(1)
41570	Profit or loss from investment property		83,201	-	80,635	1
41585	Expected credit impairment loss and reversal gain on investment	VI	1,929	-	389	-
41600	Profit or loss reclassified using the overlay approach	VI	1,043,451	6	(370,358)	(2)
41800	Other operating revenue		39,872	-	25,930	-
	Total operating revenues		18,930,606	100	18,464,057	100
51000	Operating cost:					
	Insurance claims and benefits		(11,390,344)	(60)	(10,747,868)	(58)
41200	Less: Benefits & Claims Recovered from reinsurers		2,225,393	12	2,431,197	13
51260	Retained claims and benefits		(9,164,951)	(48)	(8,316,671)	(45)
51300	Other insurance liabilities net change		(458,632)	(2)	(782,472)	(4)
51500	Commission expense	VII	(2,990,908)	(16)	(2,911,973)	(16)
51800	Other operating cost		(90,913)	(1)	(129,162)	(1)
	Total operating cost		(12,705,404)	(67)	(12,140,278)	(66)
58000	Operating expenses:					
58100	Business expense	VI	(3,338,017)	(18)	(3,240,781)	(18)
58200	Administrative expenses	VI	(404,225)	(2)	(382,838)	(2)
58300	Employee training expense		(4,263)	-	(16,078)	-
58400	Expected credit impairment reversal from non-investments		(18,053)	-	(19,322)	-
	Total operating expenses		(3,764,558)	(20)	(3,659,019)	(20)
61000	Operating revenues		2,460,644	13	2,664,760	14
59000	Non-operating revenues and expenses		13,172	-	(9,777)	-
62000	Income from continuing operations before tax		2,473,816	13	2,654,983	14
63000	Income tax expense	IV、VI	(470,246)	(2)	(400,990)	(2)
66000	Net income		2,003,570	11	2,253,993	12
83000	Other comprehensive income	VI				
83100	The items that are not re-classified as profit or loss					
83110	Reevaluation of determined benefit plan		50,990	-	2,413	-
83180	Incomes tax related to titles not subject to reclassification		(10,198)	-	(483)	-
83190	Evaluation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income		(114,440)	-	19,856	-
83200	Items that may be re-classified subsequently under profit or loss					
83290	Capital gain/loss of debts instrument at fair value through comprehensive income statement as other comprehensive income		(128,320)	(1)	(14,285)	-
83295	Other comprehensive income reclassified using the overlay approach		(1,043,451)	(6)	370,358	2
83280	Income tax related to items possibly be reclassified		25,655	-	17,808	-
	Other Comprehensive income in current period (net after tax)		(1,219,764)	(7)	395,667	2
85000	Total comprehensive income in current period		$783,806	4	$2,649,660	14
	Earnings per share					
97500	Basic earnings per share (denominated in New Taiwan dollars)	VI	$6.34		$7.13	

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FAN

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Item	Capital stock	Capital reserves	Retained earnings			Other equity		Total equity
			Legal reserve	Special reserve	Undistributed earnings	Unrealized gain on financial assets measured at fair value through other comprehensive profit or loss	Other comprehensive income reclassified using the overlay approach	
Balance as of January 1, 2021	$3,159,633	$64,800	$2,873,498	$4,881,819	$946,864	$77,583	$1,219,503	$13,223,700
The 2020 appropriation and distribution of earnings								
Appropriation of Legal reserve	-	-	327,393	-	(327,393)	-	-	-
Common Stocks cash dividends distributed	-	-	-	-	(616,128)	-	-	(616,128)
Appropriation of Special reserves	-	-	-	785,453	(785,453)	-	-	-
Appropriation of Special reserves-Personal Travel Insurance Accidental Death and Disability Reserve	-	-	-	1,929	(1,929)	-	-	-
Net income in January 1 to December 31, 2021	-	-	-	-	2,253,993	-	-	2,253,993
Other comprehensive income in January 1 to December 31, 2021	-	-	-	-	1,930	8,372	385,365	395,667
Total comprehensive income in current period	-	-	-	-	2,255,923	8,372	385,365	2,649,660
	-	-	-	-	-	-	-	-
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	(4,914)	4,914	-	-
Balance as of December 31, 2021	$3,159,633	$64,800	$3,200,891	$4,883,748	$2,252,423	$90,869	$1,604,868	$15,257,232
Balance as of January 1, 2022	$3,159,633	$64,800	$3,200,891	$5,669,201	$1,466,970	$90,869	$1,604,868	$15,257,232
The 2021 appropriation and distribution of earnings								
Appropriation of Legal reserve	-	-	450,202	-	(450,202)	-	-	-
Common Stocks cash dividends distributed	-	-	-	-	(1,011,083)	-	-	(1,011,083)
Appropriation of Special reserves	-	-	-	833,464	(833,464)	-	-	-
Appropriation of Special reserves-Personal Travel Insurance Accidental Death and Disability Reserve	-	-	-	2,083	(2,083)	-	-	-
Net income in January 1 to December 31, 2022	-	-	-	-	2,003,570	-	-	2,003,570
Other comprehensive income in January 1 to December 31, 2022	-	-	-	-	40,792	(217,105)	(1,043,451)	(1,219,764)
Total comprehensive income in current period	-	-	-	-	2,044,362	(217,105)	(1,043,451)	783,806
Balance as of December 31, 2022	$3,159,633	$64,800	$3,651,093	$6,504,748	$1,214,500	$(126,236)	$561,417	$15,029,955

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO,YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Item	2022	2021
Cash flow from operating activities:		
Income from continuing operations before tax	$2,473,816	$2,654,983
Adjusted Items:		
Revenue, expense and loss		
Depreciation expenses	82,813	79,693
Amortization expenses	23,844	26,963
Net income on financial assets and liabilities at fair value through profit and loss	1,491,116	(1,253,429)
Net income on financial assets at fair value through other comprehensive profit or loss	(57,822)	(66,179)
Derecognise of financial assets at amortized cost	(5,386)	-
Interest expenses	694	740
Interest revenue	(364,795)	(308,794)
Various insurance liabilities net change	1,089,574	1,499,499
Expected credit impairment loss and reversal gain/loss on investment	(1,929)	(389)
Expected credit impairment reversal from non-investments	18,053	19,322
Losses (gains) from adoption of overlay approach	(1,043,451)	370,358
Profit or loss from disposal and scrapping of property and equipment	(749)	(1,644)
Profit or loss from disposal of investment property	(5,029)	-
Impairment losses on non-financial assets	-	20,660
Changes in assets/liabilities related to business activities		
Decrease (increase) of accounts receivable	364,210	(99,169)
Decrease (increase) of financial assets measured at fair value through profit or loss	609,504	(570,582)
Increase of financial assets measured at fair value through other comprehensive profit or loss	(207,141)	(63,911)
Increase of financial assets on the basis of cost after amortization	(4,201,991)	(1,163,316)
Decrease (increase) of reinsurance contracts assets	53,565	(121,831)
Increase of other assets	(70,423)	(3,050)
Increase (decrease) of payables	(203,011)	455,633
Provisions decrease	(20,453)	(5,853)
Other liabilities increase	40,110	7,622
Cash inflow from operating activities	65,119	1,477,326
Interest received	336,525	301,219
Dividend received	284,678	240,856
Interest paid	(104)	(113)
Income tax paid	(508,204)	(324,148)
Net cash inflow from operating activities	178,014	1,695,140
Cash flows from investment activities:		
Purchase of property and equipment	(72,176)	(54,671)
Disposal of property and equipment	870	4,377
Purchase of investment property	-	(213,631)
Disposal of investment property	14,383	-
Purchase of intangible asset	(7,354)	(8,038)
Net cash outflows used in investing activities	(64,277)	(271,963)
Cash flows from financing activities:		
Cash dividens paid	(1,011,083)	(616,128)
Repayment of the principal portion of lease liabilities	(17,178)	(16,157)
Net cash outflows from financing activities	(1,028,261)	(632,285)
Increase (decrease) of cash and cash equivalents in current period	(914,524)	790,892
Balance of cash and cash equivalents at the beginning of period	11,766,660	10,975,768
Balance of cash and cash equivalents at the ending of period	$10,852,136	$11,766,660

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Notes to financial statements
January 1 to December 31, 2022
and January 1 to December 31, 2021
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(I.) Company history and business scope

Shin Kong Insurance Co., Ltd. (hereinafter referred to as the Company) held a founding shareholders' meeting on March 20, 1963, and officially started the business on May 1 of the same year. With the main business of property insurance, the Company was initially settled at No. 43 Guanqian Road, Taipei City, and later moved to No. 35, Section 1, Wuchang Street, Taipei City on April 24, 1965 to meet the business expansion, and then moved to No. 34, Baoqing Road, Taipei City on January 30, 1973, and then again moved to the new corporate building at No. 15, Section 2, Jianguo North Road on January 20, 1983 for business expansion and restructuring. Capital: Initially NT$ 32,000 thousand in 1963, and increased to NT$ 54,400 thousand in 1977. Through the years of capital increase, as of December 31, 2022, the paid-in capital amounted to NT$ 3,159,633 thousand.

Organization:

The Company has a total of 25 branches, including offices in Banqiao, Taoyuan, Hsinchu, Miaoli, Taichung, Shalu, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Shilin, Xinying, Yuanlin, Fengshan, Nantou, Zhongli, Lanyang, Xizhi, Shuanghe, Neihu, Fengyuan, Xinzhuang, and international insurance businesses. The branches have a total of 4 communications offices, with service posts established all over Taiwan.

Head office: 11F., No. 15, Sec. 2, Jianguo N. Rd., Taipei City
Tel: (02) 2507-5335 (pilot)

Branches:

(1) Banqiao Branch: 15F, No. 266, Section 1, Wenhua Road, Banqiao District, New Taipei City
TEL: (02) 2254-5568

(2) Taoyuan Branch: 21F, Building A, No. 205, Fuxing Road, Taoyuan City
Tel: (03) 338-4003

(3) Hsinchu Branch: 5F, No. 192 Minsheng Road, Hsinchu City
TEL: (03) 533-9121

(4) Miaoli Branch: 4F, No. 462, Zhongzheng Road, Miaoli City
TEL: (037) 352-311

(5) Taichung branch: 12F, No. 340, Section 2, Taiwan Boulevard, North District, Taichung City
Tel: (04) 2322-1158

(6) Shalu Branch: No. 609, Section 2, Zhonghua Road, Wuqi District, Taichung City
Tel: (04) 2662-0099

(7) Changhua Branch: No. 326, Section 2, Zhongshan Road, Changhua City
Tel: (04) 724-2147

(8) Yunlin Branch: 3F, No. 148, Xinsheng Road, Huwei Town, Yunlin County
Tel: (05) 632-1389

(9) Chiayi Branch: 5F, No. 427, Minquan Road, Chiayi City
Tel: (05) 225-3190

(10) Tainan Branch: 12F, No. 32, Section 1, Yonghua Road, West Central District, Tainan City
Tel: (06) 227-1313

(11) Kaohsiung Branch: 12F, No. 154, Zhongzheng 3rd Road, Xinxing District, Kaohsiung City
Tel: (07) 235-3197

(12) Pingtung Branch: Suite 1-2, 8F, No. 450, Ziyou Road, Pingtung City
Tel: (08) 738-2000

(13) Shilin Branch: 2F, No. 222, Wenlin North Road, Beitou District, Taipei City
Tel: (02) 2828-7010

(14) Xinying Branch: 5F, No. 10, Zhongzheng Road, Xinying District, Tainan City
Tel: (06) 635-6569

(15) Yuanlin Branch: 2F, No. 2, Section 2, Datong Road, Yuanlin City, Changhua County
Tel: (04) 835-5151

(16) Fengshan Branch: Suite 1, 10F, No. 224, Ziyou Road, Fengshan District, Kaohsiung City
Tel: (07) 745-6131

(17) Nantou Branch: No. 601-7, Zhongzheng Rd., Caotun Township, Nantou County
Tel: (049) 232-0203

(18) Zhongli Branch: Suite A, 9F, No. 121, Huanxi Road, Zhongli District, Taoyuan City
Tel: (03) 491-1808

(19) Lanyang Branch: 1F, No. 398, Gongzheng Road, Luodong Town, Yilan County
Tel: (03) 955-2640

(20) Xizhi Branch: 13F, Building D, No. 82, Section 1, Xintai 5th Road, Xizhi District, New Taipei City
Tel: (02) 2696-0606

(21) Shuanghe Branch: 14F, No. 2, Jianba Road, Zhonghe District, New Taipei City
Tel: (02) 8226-2620

(22) Neihu Branch: No. 51, Ln. 258, Ruiguang Road, Neihu District, Taipei City
Tel: (02) 2627-2026

(23) Fengyuan Branch: 6F, No. 23 Yuanhuan West Road, Fengyuan District, Taichung City
Tel: (04) 2529-0748

(24) Xinzhuang Branch: 4F, No.149, Zhongzheng Road, Xinzhuang District, New Taipei City
Tel: (02) 2277-0903

(25) International Insurance Branch: 10F, No. 15, Section 2, Jianguo North Road, Taipei City
Tel: (02) 2507-5335

(II.) Financial Reporting Date and Procedures

This financial report was approved by the Board of Directors and released on March 07, 2023.

(III.) Application of New and Revised Standards and Interpretation

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards (IFRS)

The Company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements that have been approved by the Financial Supervisory Committee (FSC) and applicable for fiscal years beginning after January 1, 2022. The first application of the new standards and amendments does not have significant impact on the Company.

2. The Company has not yet adopted the following newly issued, revised and amended standards or interpretations that have been released by the International Accounting Standards Board (IASB) and approved by the FSC as of the financial report publication date:

No.	New/amended/revised standards and interpretation	The IASB's issuance is effective for the years after the following dates
1	Disclosure Initiative – Accounting policy (amendments to IAS 1)	January 1, 2023
2	Definition of accounting estimates (amendments to IAS 8)	January 1, 2023
3	Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023

(1) Disclosure Initiative – Accounting Policy (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies in order to provide more useful information to investors and other main users of financial statements.

(2) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in order to help companies classify changes in accounting policies and accounting estimates.

(3) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

The amendments restrict the scope of the exemption of recognition deferred tax in paragraphs 15 and 24 of IAS 12 — Income Taxes; therefore, the exemption does not apply to the same taxable amount upon initial recognition and the deductible temporary differences.

The above are the new, revised, and amended standards or interpretations that have been announced by the IASB, endorsed by the FSC, and will apply for the fiscal years beginning on or after January 1, 2023. Based on the Company's assessment, the new or amended or interpretations do not have material impact on the Company.

3. The company did not adopt the following new/amended/revised standards and interpretations that are issued by IASB but not yet recognized by the FSC as of the financial report publication date:

No.	New/amended/revised standards and interpretation	The IASB's issuance is effective for the years after the following dates
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures	To be determined by IASB
2	IFRS 17 "Insurance contracts"	January 1, 2023
3	Classification of liabilities as current or non-current and postpone of effective date (amendments to IAS 1)	January 1, 2024
4	Lease liabilities in sale and leaseback (amendments to IFRS 16)	January 1, 2024
5	Non-current liabilities in contracts (amendments to IAS 1)	January 1, 2024

(1) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures

This plan is to handle the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" regarding the loss of control by investing in associates or joint ventures at the cost of the subsidiary. According to IAS 28, the profit or loss amount should be eliminated in accordance with the downstream transaction when exchange non-monetary assets for the equity of the associates or joint ventures. According to IFRS 10, the entire profit and loss should be recognized at the time of losing the control over the subsidiary. This amendment restricts the aforementioned provisions of IAS 28. The profit or loss arising from the sales or investment of business assets that meet the definition in IFRS 3 shall be fully recognized.
According to this amendment to IFRS 10, the sales or investment between the investors and associates or joint ventures for the subsidiary that does not meet the definition in IFRS 3, the profit or loss incurred shall be recognized for the amount that is not attributable to the investors.

(2) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model of insurance contracts, including all accounting-related matters (recognition, measurement, presentation, and disclosure principles). The core of IFRS 17 is a general model. Under this model, the original recognition is based on the sum of the fulfillment cash flow and contractual service margin to measure the insurance contracts, of which, the fulfillment cash flows include:

A. Estimated value of future cash flows
B. Discount rate: reflect the adjustment to the time value of money and the financial risks (to the extent when financial risks are not included in the estimated value of future cash flows) related to the future cash flows; and
C. Adjustments to non-financial risks

The book amount of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, it also provides:

A. Specific applicable methods (variable fee approach) for contracts with direct participation characteristics
B. Simplified method (premium allocation approach) for short-term contracts

Upon the initial application of the standards, enterprises adopted IFRS9 may re-designate and re-classify the financial assets that comply with the requirements of the standards. Enterprises are not required to re-prepare the comparison information to reflect the changes in the classification of such assets; the differences between the former carrying amount and the carrying amount on the date of initial application shall be recognized in the opening retained earnings or other equity as at the date of initial application. When an enterprise has restated its comparison information, the comparison information shal reflects the requirements of IFRS9 on such financial assets being affected. In addition, for financial assets derecognized during the comparison period after the date of initial application of the standards, enterprises may elect the applicable overlay approach based on the individual financial assets, as if such assets have been re-classified according to the re-designation requirements under the standards during the comparison period.

This standard was announced in May of 2017 and amended in June 2021. This amendment, except for having the effective date postponed for 2 years (that is, postponed from January 1, 2022 to January 1, 2023) in the transitional clause with additional exemptions provided; also, reducing the cost of adopting this standard by simplifying some regulations and amend some regulations to make some situations easier to interpret. This standard in effect will replace the transitional standard (that is, IFRS 4 “Insurance Contracts”).

(3) Classification of liabilities as current or noncurrent (Amendments to IAS 1)

This is to amend the classification of liabilities as current or noncurrent in paragraphs 69 to 76 of IAS 1 “Presentation of Financial Statements.”

(4) Lease liabilities in sale and leaseback (amendments to IFRS 16)

The amendments provide additional accounting regarding sale and leaseback transactions for seller who is concurrently a lessor in IFRS 16 “Lease” to improve the consistent application of the standards.

(5) Non-current liabilities in contracts (amendments to IAS 1)

The amendments increase the information provided by enterprises regarding their long-term liability contracts. The amendments explain that the contractual agreements to be observed within 12 months after the reporting period shall not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The aforementioned standards and explanations issued by IASB but not yet recognized by the FSC are applicable on the date determined by the FSC. The company is currently assessing the potential impact of the new/amended standards and explanations in (2) and is not yet able to reasonably estimate the impact of the aforementioned standards or interpretations on the company; however, the other new/amended standards and explanations have no significant impact on the company.

(IV.) Summary of Significant Accounting Policies

1. Compliance Statement

This financial statements are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, as well as IFRS, IAS, and interpretations and interpretation announcements released by the International Financial Reporting Interpretations Committee (IFRIC), which have been approved and promulgated by the FSC.

2. Basis of Preparation

The financial statements are prepared on the basis of historical costs, except for financial instruments measured at fair value and the net defined benefit liabilities recognized by deducting the present values of defined benefit obligations from the fair value of plan assets. Unless otherwise specified, amounts in financial statements are expressed in thousand NT dollars.

3. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and time deposits or investments that are short-term, highly liquid, convertible to fixed amounts of cash at any time with little risk of value changes (including time deposits within 12 months of contractual period).

4. Transactions in Foreign Currencies

The Company's financial statements are expressed in NT dollars, which is the Company's functional currency. Transactions in foreign currencies are converted to the functional currency based on the exchange rate on the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day that the fair value is determined; non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate of the transaction day.

Except for the following, the exchange differences arising from the delivery or conversion of monetary items are recognized as gains or losses of the current period:

(1) If the exchange differences from foreign currencies borrowed to obtain qualified assets are regarded as adjustments to interest costs, becoming part of the borrowing costs, they are capitalized as the costs of the assets.
(2) Foreign currencies applicable to IFRS 9 "Financial Instruments" are treated in accordance with the accounting policies of financial instruments.
(3) For monetary items that form part of the reporting entity's net investment in foreign institutions, the exchange differences resulting from initial recognition are recognized as other comprehensive profit or loss, and reclassified from equity to gains and losses when the net investment is disposed.

When the profits and losses of non-monetary items are recognized as other comprehensive gains or losses, any components of the conversion of the profits and losses are recognized as other comprehensive profit or loss. When the profits and losses of non-monetary items are recognized as gains and losses, any components of the conversion of the profits and losses are recognized as gains and losses.

5. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities applicable to IFRS 9 “Financial Instruments” are measured at fair value on initial recognition, and are directly attributable to the transaction cost of acquisition or issuance of the financial assets and financial liabilities (except for those measured at fair value through profit or loss), to be deducted from or added to the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

All the recognition and delisting of financial assets through the Company’s normal trade practice are accounted for on the transaction day.
he Company classifies financial assets into the following categories: those subsequently measured at amortized cost, those measured at fair value through other comprehensive profit or loss, and those measured at fair value through profit or loss, based on the following features:

A. Operating models
B. Contractual cash flows

Financial Assets Based on Cost After Amortization

Financial assets that meet the following two conditions are measured at amortized cost and listed on the balance sheet as financial assets and other assets measured at accounts receivable and amortized cost:

A. Operating models: holding financial assets to collect contractual cash flows
B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Such financial assets (excluding those involved in hedging) are subsequently measured at amortized cost [the amount measured on initial recognition, minus the principal paid, plus or minus the accumulated amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjustment of allowance for losses]. Upon derecognition, through amortization or recognition of impaired profits or losses, the profits or losses are recognized as gains and losses.

The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

A. For purchased or originated credit-impaired (POCI) financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
B. For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

Financial Assets at Fair Value through Other Comprehensive Profit or Loss

Financial assets that meet the following two conditions are measured at fair value through other comprehensive profit or loss, and are listed on the balance sheet as financial assets measured at

fair value through other comprehensive profit or loss:

A. Operating model: collecting contractual cash flows and selling financial assets.
B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Recognition of gains and losses related to such financial assets are explained as follows:

A. Before derecognition or reclassification, except for impaired profits or losses and foreign exchange profits or losses that are recognized as gains and losses, the profits and losses of the financial assets are recognized as other comprehensive profit or loss.
B. Upon derecognition, the cumulative profits or losses previously recognized as other comprehensive gains and loss are reclassified from equity to gains or losses for adjustment.
C. The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

    (a) For POCI financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
    (b) For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

In addition, for equity instruments applicable for IFRS 9 and are neither held for trading, nor recognized as contingent consideration by the acquirer in a merger under IFRS 3, and on initial recognition, it is optional (irrevocably) to list its subsequent fair value changes as other comprehensive profit and loss. The amount listed as other comprehensive profit or loss shall not subsequently be transferred to gains and loss (when disposing such equity instruments, the cumulative amount listed as other equity are directly transferred to retained earnings), and shall be listed on the balance sheet as financial assets measured at fair value through other comprehensive profit or loss. Dividends from investments are recognized as gains or losses, unless the dividends clearly represent part of the recovery of investment costs.

Financial Assets at Fair Value through Profit or Loss

Except for the measurement by amortized cost under specific conditions as mentioned above or at fair value through other comprehensive profit or loss, financial assets are measured at fair value through profit or loss, and are listed on the balance sheet as financial assets and accounts receivable measured at fair value through profit or loss.

The profits or losses generated from remeasurement of such financial assets measured at fair value are recognized as gains and losses, whose profits or losses include any and all dividends or interests generated from the financial assets.

(2) Impairment of Financial Assets

The Company's debt instruments measured at fair value through other comprehensive profit or loss and financial assets measured at amortized cost are recognized as expected credit losses to measure allowance for losses. For the debt instruments measured at fair value through other comprehensive profit or loss, the allowance for losses is recognized as other comprehensive profit or loss, without reducing the book value of the investment.

The Company measures expected credit losses to reflect the following:

A. unbiased and probability-weighted amounts determined by evaluating all possible outcomes.
B. Time value of money
C. Reasonable and supportable information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

Measurement of allowance for losses is explained as follows:

A. It is measured by the amount of 12-month expected credit losses: including financial assets whose credit risk has not significantly increased since initial recognition, or those that are determined to be low in credit risk at the balance sheet date. In addition, it also includes the allowance for losses which are measured at lifetime expected credit losses in the duration of previous financial reports, but on the current balance sheet day no longer meets the criteria for a significant increase in credit risk since initial recognition.
B. Measurement of lifetime expected credit losses: including financial assets with credit risk significantly increased since initial recognition, or POCI financial assets.
C. For accounts receivable or contract assets arising from transactions under IFRS 15, the Company uses lifetime expected credit losses to measure allowance for losses.
D. For lease receivables arising from transactions under IFRS 16, the Company uses lifetime expected credit losses to measure allowance for losses.

In addition to the above assessments, the Company has also provided adequate allowance for bad debts in accordance with the “Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises,” and the amount shall not be lower than the following standards: (1) 0.5% of the 1st type loan assets after deducting from life insurance loans, advanced premiums, and the balance of claims to government agencies, and 2%, 10%, 50%, respectively, of the balances of claims of loan assets from 2nd to 5th types (attention required, recovery expected, recovery difficult, and recovery hopeless), as well as the total of all the balances. 2. 1% of the total of the 1st to 5th types of loan assets after deducting from life insurance loans, advanced premiums and the balance of claims to government agencies. 3. Overdue and non-performing loans that have been reasonably assessed as free of secured claims. 4. If the sum of the minimum allowances for bad debts assessed in accordance with the criteria stated above in the 1st to 3rd subparagraphs is lower than the amount required by generally accepted accounting principles, the latter shall prevail. If the competent authority requires that the allowance for bad debts of specific loan assets be increased in accordance with its standards and deadlines in order to strengthen the capacity for losses of the specific loan assets, the Company shall comply.

On each balance sheet day, the Company compares the changes in the default risk of financial instruments from the initial recognition day, in order to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. For further information about the credit risks, please see Note (VII.)

(3) Derecognition of Financial Assets

The Company’s financial assets are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets are terminated.
B. The financial assets have been transferred and almost all the risks and rewards from the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have neither been transferred nor retained, but control of the assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its book value and the received or receivable consideration plus any cumulative profits or losses recognized as other comprehensive profit or loss is recognized as gains and loss.

(4) Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

The liabilities and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity Instruments

The Company's equity instruments refer to any contract with remaining equity after deducting all liabilities from assets. Equity instruments issued by the Company are recognized with the amount received deducting the cost of direct issuance.

Financial Liabilities

Financial liabilities applicable to IFRS 9 are classified on initial recognition as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, financial liabilities are classified as held for trading:

A. The main purpose of acquisition is to sell them in a short time;
B. on initial recognition, it is a part of the portfolio of identifiable financial instruments under merger management, and there is evidence that the portfolio is to be operated for short-term profits in the near future; or
C. Derivative instruments (except for financial guarantee contracts or designated derivatives that are effective hedging instruments).

For a contract containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss; when one of the following factors is met to provide more relevant information, the hybrid contract can be designated on initial recognition as measured at fair value through profit and loss:

A. The designation can eliminate or significantly reduce inconsistencies in measurement or recognition; or
B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on the fair value basis, based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The profits or losses out of remeasurement of such financial liabilities are recognized as gains and losses, including any interests paid for the financial liabilities.

Financial Liabilities Measured at Mortized Cost

Financial liabilities measured at amortized cost include payables and lease liabilities, which are measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized by the effective interest method, the related profit or loss and amortization are recognized as gains and losses.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of Financial Liabilities

A financial liability is derecognized when its obligation is discharged, cancelled or invalidated.

When the Company and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (whether or not due to financial difficulties), the original liabilities are derecognized and new ones recognized, and when the financial liabilities are derecognized, the difference between their book values and the total considerations paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gains and losses.

(5) Offset of Financial Assets and Liabilities

Financial assets and financial liabilities can be offset and listed on the balance sheet as a net amount only when the recognized amount currently has legal exercise rights of mutual offsetting and is intended to settle on a net amount or to realize assets and liquidate liabilities at the same time.

(6) Derivative Instruments

The derivative instruments signed by the Company include forward foreign exchange contracts and exchange contracts, mainly for managing the risk of changes in exchange rates. The initial recognition and subsequent measurement of such derivatives are based on fair value, and when the fair value is positive, the derivatives are recognized as assets, otherwise recognized as liabilities.

(7) Overlay Approach for Financial Assets

When the Company applied IFRS 9 for the first time, the overlay approach described in IFRS 4 “Insurance Contracts” was adopted, and for the designated financial assets, an amount was

reclassified between gains and losses and other comprehensive profit or loss, making the gains and losses of the designated assets at the closing day of the reporting period equal to the gains and losses of such financial assets if designated to comply with IAS 39. Accordingly, the reclassified amount is the difference between the following two items:

A. Gains and losses of the designated financial assets applicable to IFRS 9; and
B. Gains and losses of such financial assets if designated to comply with IAS 39.

A financial asset meets the specific requirements of the overlay approach only when the following conditions are met:

A. The financial asset is applicable to IFRS 9 through gains and losses measured at fair value, but if IAS 39 is applied, it will not be measured at fair value through gains or losses as a whole; and
B. The financial asset is not held for activities linked to contracts within the scope of IFRS 4 "Insurance Contracts."

Thereafter, a financial asset is designated as qualified for overlay approach only when one of the following conditions is met:

A. The asset is initially recognized; or
B. The asset is newly qualified for being held for activities linked to the contract within the scope of the IFRS 4 "Insurance Contracts," but previously did not meet the requirements.

The overlay approach should continue to be applied to the designated financial asset until it is derecognized; however, when the financial asset no longer meets the requirements of being held for activities linked to contracts within the scope of IFRS 4 "Insurance Contracts," it should be de-designated; also, on the beginning day of any annual period, designations of financial assets to the overlay approach may all be ceased, and when such an act occurs, IAS 8 "Accounting Policy Changes" should be applied.

6. Measurement at Fair Value

Fair value refers to the price under which an amount is received from selling an asset or paid for transferring a liability in an orderly transaction among market participants on the measurement day. The measurement of fair value assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for such assets or liabilities, or
(2) If there is no such a main market, the most favorable market shall apply.

The main market or the most favorable market must be accessible by the market participants.

The fair value of an asset or a liability is assumed by the market participants to price the asset or liability, and it is assumed that the market participants are acting in their best economic interests.

The measurement at fair value of a non-financial asset takes into account the efficacy that the buyer will take the asset to its highest and best use or the seller will sell the asset to the counterpart who will take the asset to its highest and best use, in order to generate economic benefits.

The Company adopts evaluation techniques which allow collection of appropriate and sufficient information under relevant circumstances so as to measure fair values, as well as maximize the use of observable input values and minimize the use of unobservable input values.

7. Property, Plant, and Equipment

Property, plant, and equipment are recognized based on the acquisition costs, and are listed after deducting accumulated depreciation and accumulated impairment. The said costs include the costs of dismantling and removing the property, plant and equipment and restoring the venue, as well as the necessary interests incurred out of unfinished projects. Significant components of the property, plant, and equipment are depreciated separately. Significant components of the property, plant and equipment that need to be periodically replaced are treated as individual assets, recognized based on their individual service life and depreciated separately. The book value of the replacement cost is derecognized in accordance with IAS 16 “Property, Plant and Equipment.” A major maintenance cost qualified for recognition is regarded as replacement cost and recognized as part of the book value of the equipment, while other repair and maintenance expenses are recognized as gains and losses.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

Buildings and structures	5–50 years
Miscellaneous equipment	5 years

The property, plant and equipment or any of its significant components after initial recognition that are disposed of or not expected to generate inflow of economic benefits from future use or disposal are derecognized into gains and losses.

The residual value, service life and depreciation method of the property, plant and equipment are assessed at the end of each fiscal year, and if the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

8. Investment Property

The company’s own investment property is measured at the original cost, including the acquisition cost. The book value of investment property includes the cost of repairing or adding new investment to the property if only the cost is recognizable; however, the maintenance expenses incurred from day to day are not regarded as part of the cost. After initial recognition, the investment property, except for being qualified as a non-current asset held for sale (or included in the disposal group of being held for sale) according to IFRS 5 “Non-current Assets held for Sale and Discontinued Operations,” the measurement of investment property is based on the cost model in accordance with IAS 16 “Property, Plant and Equipment”; however, if it is held by the lessee as a right-of-use asset and regarded as not being held for sale according to IFRS 5, the stipulations of IFRS 16 are applied.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

Buildings and structures	30–50 years

Investment property is derecognized into gains and losses when it is disposed of or will no longer be used and economic benefits out of future disposal are not expected.

Assets are transferred into or out of investment property based on their actual use.

When a property either meets or no longer meets the definition of investment property and evidence shows change of use, the property is either transferred into or out of investment property, accordingly.

9. Leases

On the execution date, a contract is assessed whether it is attributed to, or includes, leasing. If a contract has transferred control of use of identified assets for a period of time in exchange for consideration, it is (or includes) a lease. Whether a contract has transferred control of use of identified assets for a period of time is determined on the basis of the following two factors over the entire period of use:

(1)Obtaining the right to almost all economic benefits from the use of the identified assets; and
(2)The right to direct the use of the identified assets.

For a contract that is attributed to (or includes) a lease, the lease components in the contract are regarded as individual ones and are treated separately from the non-lease components. For a contract that includes one lease component and one or more additional lease or non-lease components, the consideration is allocated to the lease components, based on the relative stand-alone price of each lease component and the aggregate of stand-alone prices of the non-lease components. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lesser (or similar suppliers) separately for the components (or similar components). If the observable stand-alone price is not readily available, the maximized observable information is used to estimate the stand-alone price.

The Company as a Lessee

In addition to compliance and selection of short-term leases or leases of low-value target assets, when the Company is the lessee of the lease contract, all the leases are recognized using the right-of-use assets and lease liabilities.

The lease liabilities are measured at present value of the lease payment not yet paid on the commencement date. If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If it is not, the interest rate for the lessee's incremental borrowing is used. On the commencement date, the lease payments included in the lease liabilities include the following due payments related to the right-to-use assets during the lease period but not yet paid on that date:

(1) Fixed payments (including substantive fixed payments), minus any collectable lease incentives;
(2) Lease payments that vary depending on changes in an index or rate (initial measurement by the

index or rate on the commencement date);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) The price of exercising the purchase option, if exercising the option is reasonably assured; and
(5) The penalty payable for the termination of the lease, if in the lease period it shows that the lessee will exercise the option to terminate the lease.

After the commencement date, the lease liabilities are measured at amortized cost, and the effective interest rate method is used to increases the book value of the lease liabilities to reflect the interests on lease liabilities; fulfilled lease payments reduce the book value of lease liabilities.

On the commencement date, the right-of-use asset is measured by the costs, which include:
(1) The amount from initial measurement of the lease liabilities;
(2) Any lease payments paid on or before the commencement date, minus any lease incentives received;
(3) Any initial direct costs incurred by the lessee; and
(4) The estimated cost for the lessee to dismantle and remove the target asset and restore the venue, or restore the target asset to the state required by the lease terms and conditions.

The right-of-use asset is subsequently measured by deducting the accumulated depreciation and accumulated impairment loss from the cost, i.e. using the cost model to measure the right-of-use asset.

If the ownership of the target asset is transferred to the Company, or if the cost of the right-of-use asset reflects that the company will exercise the purchase option, when the lease period expires, the right-of-use asset is depreciated from the commencement date till the end of the service life of the target asset. Otherwise, the right-of-use asset is depreciated from the commencement date till the end of the service life of the right-of-use asset or till the expiration of the lease period, whichever is earlier.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and deal with any identified impairment losses accordingly.

In addition to compliance and selection of short-term leases or leases of low-value target assets, the right-of-use assets and lease liabilities are listed in the balance sheet, and the lease-related depreciation and interests are listed in the consolidated income statement.

For short-term leases and leases of low-value target assets, the lease payments are recognized as expenses on a straight-line basis or another systematic basis during the lease period.

The Company as a Lesser

The leases are classified into operating and financial ones on the date of contract establishment. A lease transferring almost all the risks and rewards attached to the ownership of the target asset is classified as a financial lease; otherwise, as an operating lease. On the commencement date, the assets held under the financial leases are listed in the balance sheet as financial lease payments receivable based on the net lease investment.

For contracts including lease and non-lease components, the consideration in the contract is allocated

in accordance with IFRS 15.

The lease payments out of operating leases are recognized as rental income on a straight-line basis or another systematic basis. Variable lease payments of operating leases that are not dependent on a certain index or rate are recognized as rental income when they occur.

10. Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of an intangible asset acquired through a merger is the fair value on the acquisition date. An intangible asset after being initially recognized has its book value based on its cost minus accumulated amortization and accumulated impairment losses. An internally generated intangible asset not qualified for recognition is not capitalized; instead, it is recognized as gains and losses when it occurs.

The service life of intangible assets is assessed as limited.

The intangible asset with a limited service life is amortized over its service life, and an impairment test is performed when a sign of impairment appears. The amortization period and amortization method of intangible assets with limited service life are reviewed at least at the end of each fiscal year. If the estimated service life of an asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period are adjusted and considered as changes in accounting estimates.
The profit or loss arising from derecognition of intangible assets is recognized as gains and losses.

11. Impairment of Non-Financial Assets

On the closing date of each reporting period, assets applicable to IAS 36 are assessed for signs of impairment. If an asset has signs of impairment or is scheduled for an annual impairment test, the asset or the cash-generating unit of the asset is the test target. If the book value of the tested asset or its cash-generating unit is greater than its recoverable amount, an impairment loss is recognized. The recoverable amount is the net fair value or use value, whichever is greater.

At the end of each reporting period, assets other than goodwill are assessed for signs that the impairment loss previously recognized is reduced or no longer exists. If such signs appear, the recoverable amount of the asset or its cash-generating unit is assessed. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, if the book value after the reversal does not exceed the value before the impairment loss was recognized, the accrued depreciation or amortization is deducted from the book value.
The impairment loss and the number of reversals of continuing operations are recognized as gains and losses.

12. Segmentation Requirements for Specific Assets

The Company's business of compulsory automobile liability insurance (hereinafter referred to as the Insurance) is based on Article 4 of the "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance" stipulated in Article 47, Paragraph 3 of the "Compulsory Automobile Liability Insurance Act" for the insurance-related accounting.

The special reserve fund for the Insurance in accordance with Article 5 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" is used for purchase of treasury bills or time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

(1) Non-exchangeable government bonds;
(2) Financial bonds, negotiable certificates of deposit, bank acceptance drafts, commercial promissory notes guaranteed by financial institutions. However, financial bonds are limited to general financial bonds.

The amount of the purchased treasure bills and the time deposits in financial institutions shall not be less than 30% of the total retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may also consider the Company's operations to appropriately increase the lower limit of loan-deposit ratio of the time deposits.

If the balance of the special reserve fund has not reached 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the reserve shall be fully used to purchase treasure bills or for time deposits in financial institutions.

In accordance with Article 6 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," the funds (various reserves, payables, temporary credits and pending transfers) held for the Insurance, except for special reserves as stipulated above, shall be used for demand deposits and time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

(1) Treasury bills;
(2) Negotiable certificates of deposit, bank acceptance drafts, and commercial promissory notes guaranteed by financial institutions;
(3) Repurchase government bonds.

The above demand deposits in financial institutions shall neither be less than 45% of the funds held by the Company for the Insurance after deducting the special reserve and nor be less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may appropriately increase the loan-deposit ratio of the demand deposits based on the Company's operating conditions.

If the total amount of unearned premium reserve and claims reserve of the Insurance is less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the funds held for the Insurance shall be fully used for demand deposits in financial institutions.

In accordance with Article 11 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," when the property insurance business ceases to operate or ceases to deal with the aforementioned insurance, the various reserves of such insurance shall be transferred and merged into the various reserves of other insurers undertaking such insurance. If there is no other insurer to undertake such insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

When the property insurance business is ordered to suspend operations for liquidation, or ordered to

dissolve, or its license for the Insurance is revoked, if no other insurer undertakes the Insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

13. Classification of Insurance Contracts

An insurance contract refers to an agreement in which the insurer accepts the transfer of significant insurance risks from the policyholder, and agrees to compensate the policyholder when an uncertain event (insurance event) occurs in the future and causes damage to the policyholder. The significant insurance risks refer to the occurrence of any insurance event that causes the Company to pay significant amounts of additional benefits.

An insurance contract with a financial product nature refers to a contract that transfers significant financial risks. The financial risk refers to the risk that one or more specific interest rates, financial product prices, commodity prices, exchange rates, price indices, rate indices, credit ratings, credit indices or other variables may change in the future. If any of the above variables is non-financial, it is not regarded as held by a party to the contract.

An insurance policy that meets the definition of an insurance contract at initial judgment remains an insurance contract before all its rights and obligations disappear or expire, even if the insurance risks it undertakes during the policy period has been significantly reduced. However, if an insurance contract with a financial product nature transfers significant insurance risks to the Company after its renewal, it is reclassified as an insurance contract.

14. Insurance Liability

The insurance liability reserve provided for insurance contracts is based on the “Regulations on Insurance Companies Various Reserves,” “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance,” “Risk Spreading Mechanism of Residential Earthquake Insurance,” “Regulations on Property Insurance Companies Various Reserves for Energy Insurance,” “Property Insurance Companies Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance,” and “Notes on Strengthening Property Insurance Companies Reserves for Natural Disaster Insurances (Commercial Earthquake Insurance and Typhoon Flood Insurance),” and certified by an FSC-licensed actuary. The insurance liability reserves are provided as follows:

(1) Unearned Premium Reserve

For valid contracts not yet expired or underwriting risks not yet terminated during the insurance period, the unearned premium reserve is set aside based on calculated unexpired risks of individual insurances.

(2) Claims Reserve

The claims reserve is calculated based on the insurance types and past claims experience and expenses by actuarial principles, and provided in accordance with the reported but not settled (RBNS) and unreported claims, while the RBNS claims are calculated on a case-by-case basis by the insurance types.

(3) Special Reserves

Special reserves are divided into "Special Reserves for Major Accidents" and "Special Reserves for Risk Changes," and in accordance with IAS 12 "Income Taxes," the annually added provisions are deducted by the income taxes and listed in the special surplus reserve under equity. The amount to be written down or recovered as required by statutory regulations and deducted by income tax in accordance with IAS 12 can be carried out from the appropriated retained earnings of the special surplus reserve under equity.

On January 1, 2013, the special reserves initially set aside under insurance liabilities, including special reserves for major accidents and special reserves for risk changes for insurance types other than compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance , have the highest priority to supplement the special reserves for major accidents and special reserves for risk changes to full level, listed under liabilities, and in accordance with IAS 12, the special reserves for major accidents and special reserves for risk changes of other insurance types are deducted by income taxes and listed in the special surplus reserve under equity.

Special Reserves for Major Accidents

The reserve for each insurance type is set aside in accordance with the ratio of special reserve for major accidents as stipulated by the competent authority.

For an accident qualified for the major disaster conditions issued by the authority, where the total amount of individual company's accumulated retained claims for each insurance type amounts to NT$30,000 thousand, and the total amount of the overall property insurance industry's claims payable for each insurance type exceeds NT$2,000,000 thousand, the claims can be written down from the special reserve for the major accidents.

Major accident special reserves for commercial earthquake insurance and typhoon flood insurance provided for more than 30 years can be withdrawn; major accident reserves for other insurance types provided for more than 15 years can have a withdrawal mechanism established by an actuary and sent to the competent authority for reference.

Special Reserves for Risk Changes

When the balance of the actual indemnity of an insurance written down from the insurance's major accident special reserve exceeds the expected indemnity, if it is a commercial earthquake insurance or a typhoon flood insurance, a special reserve for risk changes equal to 75% of the difference is set aside, and for the other insurance types, the special reserve is 15% of the difference.

When the balance of the actual indemnity of an insurance written down from its special reserve for major accidents exceeds the expected indemnity, the excess may be written down from the special reserve for risk changes. If the special reserve for risk changes is insufficient to write down the indemnity, special reserves for risk changes provided for other insurance types may be used for the write-down, and the insurance types as well as the amounts of the substitute write-down should

comply with relevant regulations set by the competent authority and sent to the authority for reference.

When the accumulated special reserve for the risk changes in commercial earthquake insurance exceeds 18 times its current year's retained premiums earned, or such a reserve for the typhoon flood insurance exceeds 8 times its current year's retained premiums earned, or such a reserve for the accident insurance or the health insurance exceeds 30% of its current year's retained premiums earned, or such a reserve for other type insurance exceeds 30% of its current year's retained earned premium, the excess is withdrawn.

(4).Premium Insufficiency Reserve

The unexpired contracts or undertaken risks during the insurance period are assessed for possible claims and expenses in the future, and if the assessment exceeds the unearned premium reserve and expected future premium revenues, the premium insufficiency reserve is provided.

(5).Reserve for Liabilities

The minimum liability reserve of a health insurance with a period of more than one year is regularly revised on an annual basis. The liability reserve for a health insurance with special features is determined by the competent authority.

15.Liability Adequacy Ttest

In accordance with Article 24-1 of the "Regulations on Insurance Companies Various Reserves" to test an insurance contract for its liability adequacy required by IFRS 4, the insurance's future cash flow is assessed based on the current information on each balance sheet date to test the adequacy of recognized insurance liabilities, and a reserve for the inadequacy is provided based on the principle of actuarial practice.

16.Treasury Stock

Treasury stocks are recognized at the acquisition cost and listed as a deduction of equity. The trading spread of treasury stocks is recognized under equity.

17.Share-Based Payment Transactions

The cost of stock-based payment transactions between the Company and employees for equity delivery is measured at fair value of the equity instrument on the date of grant, and the fair value is measured by an appropriate pricing model. The date that the subscription price and the number of shares are confirmed is the grant date, on which the expenses are recognized at the fair value of the equity instruments, and the equity is increased accordingly.

18.Insurance Premium Revenues and Acquisition Costs

The insurance premium revenues of the direct underwriting business are recognized based on all the insurance policies undertaken and approved in the current period; the ceded-in reinsurance premium

revenues are regularly booked on the bill arrival date, and on the balance sheet date the unreached reinsurance premium revenues are assessed with a reasonable and systematic method. The related acquisition costs (such as commission expenses, agency fees, handling fees and reinsurance commissions) are recognized in the same period without being deferred.

The unearned premium reserve is set aside for valid insurance contracts not expired or with undertaking risks not yet terminated during the insurance period, and the unearned premiums are calculated based on the unexpired risks of individual insurances, for which the reserves are set aside by the insurance categories.

The unearned premium reserve for the compulsory automobile liability insurance is set aside in accordance with the provisions of the "Regulations for the Various Reserves for Compulsory Automobile Liability Insurance."

The unearned premium reserve for the residential earthquake insurance is set aside in accordance with the "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance."

The unearned premium reserve for the nuclear energy insurance is set aside in accordance with the "Regulations on Property Insurance Companies Various Reserves for Energy Insurance" (Jinguanbaocai Zi No. 10102517091).

Unless otherwise stipulated by laws, provision for the unearned premium reserve is decided by an actuary based on the insurance attributes, and the amount (no change permitted unless approved by the competent authority) is certified by a certified actuary.

Taxes related to insurance business incomes are recognized on an accrual basis in accordance with the laws of value-added taxes, non-value-added taxes and stamp taxes.

19. Costs of Insurance Claims

Insurance claims of direct underwriting are recognized based on the reported and settled claims (including indemnity expense) incurred and accepted in the current period, and if the claims department has determined the amount of the claims while the accounting and financial department has not yet performed the payment procedure, or if the claims department has not yet determined the amount of the claims, the claims are estimated according to actual data on a case-by-case basis by insurance category, and recognized as a net change in reserve for RBNS claims.

The reinsurance claims of ceded-in reinsurance are booked on the bill arrival date, and on the balance sheet date, unreached reinsurance claims are estimated with a reasonable and systematic method and recognized as a net change in the claims reserve.

Unreported insurance claims of ceded-in reinsurance and direct underwriting are calculated based on past claims experience and expenses by the insurance type, in accordance with actuarial principles, and are recognized as a net change in the reserve for unreported claims.

The claims recoverable from reinsurers (including claim expenses) of a ceded reinsurance contract, if already paid, are recognized as claims recovered from reinsurers; if they are RBNS or unreported (including claim expenses), they are recognized as a net change in the claims reserve.

The claims reserve is not calculated by discount.

Claims reserve for the compulsory automobile liability insurance is set aside in accordance with the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance."

Claims reserve for the residential earthquake insurance is set aside in accordance with the "Risk Spreading Mechanism of Residential Earthquake Insurance."

Claims reserve for the nuclear energy insurance is set aside in accordance with the "Regulations on Property Insurance Companies Various Reserves for Energy Insurance" (Jinguanbaocai Zi No. 10102517091).

20. Undertaking Remnants and Subrogation Rights

The remnants of the direct underwriting business that are accepted by law as a result of the claims settlement are recognized at fair value; for the right of recovery of the equity of an underwriting object obtained by law, if the actual recovery situation is clear (likely future inflow of economic benefits) and the amount can be reliably measured, it is recognized.

21. Reinsurance

In order to limit the amount of losses that may be caused by certain risk exposure events, the Company operates the reinsurance business in accordance with the business needs and relevant insurance laws and regulations. For the ceded reinsurance, the Company shall not refuse to perform its obligations to the insured on the grounds that the reinsurer has failed to perform its obligations.

The ceded reinsurance business is recognized as reinsurance expenses by ceded reinsurance contracts. Its financial report includes considerations for the deadline and should be consistent with the premium revenues. On the balance sheet date, unreached reinsurance expenses are estimated with a reasonable and systematic method. Its related income (e.g. reinsurance commission income) are recognized in the same period. The relevant reinsurance gains and losses are not deferred.

Reinsurance reserves include: ceded unearned premium reserve, ceded claims reserve, ceded liability reserve, ceded premium insufficiency reserve, and ceded liabilities adequacy reserve, which are the rights to the reinsurer in accordance with the "Regulations on Insurance Companies Various Reserves" and the reinsurance contracts.

The Company's rights to the reinsurer are reinsurance contract assets, including reinsurance reserve assets, claims recoverable from reinsurers, and net due from reinsurers and ceding companies, which are regularly assessed to determine whether they have been impaired or cannot be recovered. When objective evidence shows that events that occurred after the initial recognition of the reinsurance contract assets may make it impossible to recover all of the receivables specified in the contract, and the impact on the amounts recoverable from the reinsurer can be reliably measured, the portion of the recoverable amounts less than the book value of the reinsurance contract assets is recognized as impairment losses. The reinsurance contracts are classified by determining whether they transfer significant insurance risks to the reinsurer, and if not, the contracts are measured and recognized by deposit accounting.

22. Co-insurance Organization, Co-insurance and Guarantee Fund Agreement

The Company has entered into a "Compulsory Automobile Liability Insurance Co-Insurance Contract" with all member companies that have been approved by the competent authority to operate compulsory automobile liability insurance, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on pure premiums, which are allocated according to the agreed co-insurance ratio. Any member company participating in the co-insurance shall not arbitrarily withdraw from the business, except for liquidation or closure. Ceasing to operate the automobile liability insurance business spells withdrawal from the co-insurance at the same time, and the natural maturity mechanism is applied to the unexpired liabilities.

The company has entered into a "Travel Agency Performance Bond Co-Insurance Contract" with property insurance companies in the underlying business and reinsurance companies, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on the inclusion of co-insurance premiums (i.e. risk premiums), and each member company bears its own co-insurance liabilities according to its underwriting portion, and is not jointly liable. A member company may notify the co-insurance organization in writing to withdraw from the co-insurance three months before the beginning of the following year; its initial co-insurance underwriting portion remains till the end of the current year, and it continues to be responsible for the unfulfilled liabilities till their natural maturity.

23. Stability Fund

To protect the basic rights and interests of the insured and maintain financial stability according to Article 143-1 of the Insurance Law, a stability fund is established, of which a fund for compulsory insurance is set aside with the contribution rate based on Article 44 of the Compulsory Automobile Insurance Act, and another fund for non-compulsory insurance is also set aside according to the "Life Insurance and Property Insurance Stability Fund Contribution Standard," both of which are deposited in the Property Insurance Stability Fund, and booked under the account of Stability Fund Expenditure.

24. Retirement Benefits Plan

The Company's employee retirement plan is applicable to all employees who are officially employed, and a retirement fund is fully set aside for the management by the Supervisory Committee of Business Entities' Labor Retirement Reserve and deposited into a dedicated pension fund account; since the retirement fund is deposited in the name of the committee, it is completely separated from the Company, and therefore not included in the above financial statements.

For the post-retirement benefit plan of the defined contribution plan, the monthly pension contribution rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as current expenses.

The post-retirement benefit plan of the defined benefit plan is listed based on an actuarial report with the projected unit credit method on the closing date of the reporting period. The remeasurement of the net defined benefit liability (asset) includes any changes in the return of plan assets and the impact of the asset ceiling, minus the net interest of the net defined benefit liability (asset), and actuarial gains and losses. When the remeasurement of the net defined benefit liability (asset) occurs, it is listed under other comprehensive profit or loss, and immediately recognized in retained surplus. The

service cost of previous period is the amount of change in the present value of the defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When the planned revision or reduction occurs; and
(2) When the related restructuring costs or resignation benefits are recognized.

The net interest of the net definite benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then in consideration of any change in the net defined benefit liability (asset) due to the appropriated amount and benefit payment.
When the loss is recognized as gains and losses, any exchange component of the profit or loss is recognized as gains and losses.

25. Taxation

The income tax expense (benefit) refers to the aggregate amount related to the current income tax and deferred income tax included in the current gains and losses.

Income tax expenses in the current period

The current income tax liability (asset) related to the current and previous periods is measured by the tax rate and tax laws that have been legislated or substantively legislated at the end of the reporting period. The current income tax and those recognized as other comprehensive profit or loss or directly recognized as equity are respectively recognized as other comprehensive profit or loss other than gains and losses.

The additional profit-making enterprise income tax on the undistributed surplus is recognized as income tax expense on the day when the shareholders' meeting decides the surplus distribution.

Deferred tax

The deferred income tax is calculated based on the temporary difference between the tax basis of assets and liabilities and the book value on the balance sheet at the end of the reporting period.

Except for the following two, all the taxable temporary differences are recognized as deferred income tax liabilities:

(1) The initial recognition of goodwill; or the initially recognized assets or liabilities that are not generated by a business merger and does not affect accounting profits at the time of the transaction, nor does it affect the taxable incomes (losses);
(2) Taxable temporary differences arising from investment in subsidiaries, affiliates and joint agreement equity, whose reversal timing is controllable and is unlikely to be reversed in the foreseeable future.

Except for the following two, deductible temporary differences, unused tax losses and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable incomes:

(1) Deductible temporary differences related to the initially recognized assets or liabilities from non-merger transactions that neither affect accounting profits nor taxable incomes (losses) at the time of the transaction;
(2) Deductible temporary differences related to investment in subsidiaries, affiliates, and joint agreement equity that are likely to be reversed only in the foreseeable future, and recognized with sufficient taxable income at the time of reversal for use by the temporary differences.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the assets are expected to be realized or the liabilities settled, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the book value of the assets expected to be recovered or the liabilities to be settled at the end of the reporting period. The deferred income tax related to items not recognized as gains and losses is not recognized as gains and losses; instead, it is recognized as other comprehensive profit or loss or directly as equity depending on it transaction. Deferred income tax assets are reviewed and recognized at the end of the reporting period.

The deferred income tax assets and liabilities have the statutory enforcement power to offset only the current income tax assets and liabilities, where the deferred income tax belongs to the same taxpayer and levied by the same tax authority.

(V.) Main Source of Significant Accounting Judgment, Estimates and Assumptions Uncertainty

The preparation of the Company's financial statements requires the corporate management to make judgments, estimates and assumptions at the end of the reporting period, which affects the disclosure of revenues, expenses, and assets and liabilities as well as contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant future adjustments to the book value of the assets or liabilities.

1. Judgments

In the process of adopting the Company's accounting policies, the corporate management makes the following judgments that have a significant impact on the amounts recognized in the financial statements:

(1) The level of significance of insurance risk transfer measured based on the risk ratio of the initial insurance policy.

Insurance policy risk ratio
= (Amount paid by the insurance company under the scenario of an insured accident/Amount paid by the insurance company under the scenario of a non-insured accident-1)×100%
The initial insurance policy that meets one of the following conditions is recognized as an insurance contract:

A. The insurance period is greater than or equal to 5 years, and at least 5 policy years with the risk ratio greater than 10% (or 5%);

B. The insurance period is less than 5 years, and more than half of the policy years with the risk ratio

greater than 10% (or 5%).

The formula to calculate the insurance risk ratio shows that apparently property insurance policies usually meet the conditions for transferring significant insurance risks, and therefore insurers can often directly recognize most property insurance policies as insurance contracts without calculating the risk ratio of the initial insurance policy.

(2) Use the risk ratio of the reinsurance policy to measure the level of significance of the insurance risk transfer.

The reinsurance policy risk ratio = (Σ present value of the net loss incurred by the ceded-in reinsurer × probability of occurrence/present value of the expected premium of the ceded-in reinsurer) × 100%

The reinsurance policy with risk ratio greater than 1% is recognized as a reinsurance contract.

2. Estimates and Assumptions

The main information source of uncertainty about the future estimates and assumptions made at the end of the reporting period has a significant risk of causing significant adjustments in the book value of assets and liabilities in the next fiscal year. It is described as follows:

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value is determined using valuation techniques, including income approach (such as discounted cash flow model) or market approach, whose assumed changes will affect the fair value of the reported financial instruments. Please see Note 7 for details.

(2) Insurance liabilities

The insurance liabilities are measured in accordance with the “Regulations on Insurance CompaniesVarious Reserves”

The unearned premium reserve is calculated based on the unexpired risks by risk types, and the reserves are set aside in accordance with the risk characteristics determined by the actuary.
The claim reserve is estimated based on the past claim experiences and settlement expenses and actuarial principles. The main assumptions are the loss development factor and the expected claim rate, leading to the final indemnity cost. The loss development factors and expected claim rates are based on the Company’s historical claim experiences, taking into account adjustments to the Company’s policies such as fee rates and claims management.

The estimation of the liability adequacy reserve complies with the “Actuarial Standards of Practice of Promulgation 40 - Contract Classification and Liability Adequacy Test” promulgated by the Actuarial Association of Chinese Taipei. When the liability adequacy reserve is assessed, the current estimate of the insurance contract future cash flow is based on reasonable estimation of future insurance benefits, premium revenues and related expenses.

The professional judgment used in the above liability assessment affects the net change in insurance liabilities and the insurance liabilities recognized in the financial statements.

(3) Reinsurance reserve asset

It includes ceded unearned premium reserve, ceded claims reserve, ceded liability reserve, ceded premium deficiency reserve, and ceded liability adequacy reserve. The reserves are estimated in accordance with the "Regulations on Insurance Companies Various Reserves" and by the terms of the reinsurance contracts.

(4) Post-retirement benefit plan

The pension costs of the post-retirement benefit plan and the present value of the defined benefit obligations are decided by the actuarial valuation. The actuarial valuation involves a variety of assumptions, including: determined discount rates as well as increases in future wages, mortality and pension payments. For detailed descriptions of the assumptions used to measure the pension costs and the defined benefit obligations, please see Note (VI.)

(VI.) Major Accounting Items Described

1. Cash and Cash Equivalents

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Cash on hand	$8,677	$10,396
Working capital	1,553	1,623
Check deposit	87,533	62,666
Demand deposits	1,362,672	2,027,204
Time deposits	9,391,701	9,310,166
Cash equivalents RP	-	354,605
Total	$10,852,136	$11,766,660

(2) For the guarantee provided with the Company's bank deposits, please see Note (XI.)

2. Accounts Receivable

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Notes receivable	$243,559	$270,908
Notes receivable- Non-performing loans	157	-
Less: Allowance for losses	(2,593)	(2,709)
Net amount	$241,123	$268,199
Insurance premium receivable	$802,626	$1,253,962
Insurance premium receivable – Non-performing loans	204,518	139,299
Less: Allowance for losses	(36,405)	(28,372)
Net amount	$970,739	$1,364,889
Other receivables	$388,777	$313,469
Other receivable- Non-performing loans	3	220
Less: Allowance for losses	(2,311)	(1,739)
Net amount	$386,469	$311,950

(2) The aging analysis of accounts receivable:

Item	2022.12.31	2021.12.31
Notes receivable		
Less than 90 days	$243,644	$270,908
91–365 days	72	-
More than 366 days	-	-
Total	$243,716	$270,908
Insurance premium receivable		
Less than 90 days	$802,626	$1,253,962
91–365 days	184,029	133,043
More than 366 days	20,489	6,256
Total	$1,007,144	$1,393,261
Other receivables		
Less than 90 days	$388,777	$269,976
91–365 days	3	43,615
More than 366 days	-	98
Total	$388,780	$313,689

(3) The Impairment is assessed according to the "Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises" and IFRS 9. For the details of allowance for losses, please see Note(VII.)

3. Financial Assets and FinancialLiabilities Measured at Fair Value through Profit orLoss

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Financial assets compulsorily measured at fair value through profit or loss:		
Fund	$2,630,099	$2,468,560
Stock	3,108,697	5,295,282
Financial bonds	51,137	51,137
Asset securities	956,996	960,234
Derivatives	232	47,972
Total	$6,747,161	$8,823,185

Item	2022.12.31	2021.12.31
Financial liabilities compulsorily measured at fair value through profit or loss:		
Derivatives	$249,174	$-

(2) No guarantee provided for the financial assets measured at fair value through profit or loss.

(3) For the details of derivatives, please see Note(XXIII.).2

(4) Since the application of IFRS 9, the Company has also adopted the overlay approach of IFRS 4 "Insurance Contracts" to express the gains and losses of designated financial assets. The financial assets related to the invested insurance contracts and designated to the overlay approach are as follows:

Item	2022.12.31	2021.12.31
Financial assets compulsorily measured at fair value through profit or loss:		
Fund	$2,630,099	$2,468,560
Stock	3,108,697	5,295,282
Asset securities	956,996	960,234
Total	$6,695,792	$8,724,076

(5) In 2022 and 2021 respectively, the amounts of reclassification between gains and losses and other comprehensive profit or loss of such financial assets designated to the overlay approach are as follows:

	For the years ended 31 December	
	2022	2021
The profits (losses) of gains and losses applied with IFRS 9.	$(936,215)	$1,171,216
If IAS 39 is applied for the (profits) losses of gains and losses,	(107,236)	(800,858)
The reclassified profits (losses) are applied with the overlay approach.	$(1,043,451)	$370,358

Due to the adjustment of the overlay approach, the losses of the 2022 and 2021 financial assets measured at fair value through profit or loss are decreased from NT$1,491,116 thousand to NT$ 447,665 thousand and the profits are decreased from NT$1,253,429 thousand to NT$883,071 thousand respectively.

4. Financial Assets measured at Fair Value through Other Comprehensive Profit or Loss

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Equity instruments measured at fair value through other comprehensive profit or loss:		
Unlisted stocks (including OTC)	$240,217	$270,647
Preference shares	818,173	730,767
Debt instruments measured at fair value through other comprehensive profit or loss:		
Corporate bonds	294,382	386,930
Total	$1,352,772	$1,388,344

(2) The 2022 and 2021 dividend incomes from equity instruments measured at fair value through other comprehensive profit or loss are as follows:

Item	For the years ended 31 December	
	2022	2021
Investments still held on the balance sheet date	$57,822	$66,138
Realized gain on investment related	-	41
Dividend income recognized in the current period	$57,822	$66,179

(3) The 2022 and 2021 dividend incomes from equity instruments measured at fair value through other comprehensive profit or loss are as follows:

Item	For the years ended 31 December	
	2022	2021
The fair value on the derecognition date	$-	$903
The cumulative unrealized valuation profits (losses) from the disposal of retained earnings transferred from other equity.	-	(4,914)

(4) No guarantee provided for the financial assets measured at fair value through other comprehensive profit or loss. For details of relevant credit risks, please see Note(Ⅶ.)

5. Financial Assets at Amortized Cost

Item	2022.12.31	2021.12.31
Government bonds	$525,895	$529,856
Corporate bonds	8,244,311	6,105,924
Financial liabilities	2,913,479	844,489
minus: Refundable deposits	(525,822)	(529,455)
Less: Allowance for losses	(7,892)	(9,773)
Total	$11,149,971	$6,941,041

There was disposal gains of NT$5,386 thousand from January 1 to December 31, 2022, due to the disposal of its partial corporate bonds in advance in response to the increase in credit risks. From January 1 to December 31, 2021, there was no disposal of financial asset at amortized costs.

The security deposit takes the government bonds as its collateral and re-recognized as a refundable deposit. Please see Note (IX.) for more information. For information about the credit risks, please see Note (VII.)

6. Reinsurance Contract Assets

Item	2022.12.31	2021.12.31
Claims Recoverable from Reinsurers - net	$228,393	$279,531
Claims Recoverable from Reinsurers – Non-Performing Loans	-	-
Less: Allowance for losses	(2,284)	(2,795)
Net amount	$226,109	$276,736
Due from Reinsurers & Ceding Companies	$596,297	$603,361
Due from Reinsurers & Ceding Companies – Non-Performing Loans	42,464	43,595
Less: Allowance for losses	(21,693)	(17,387)
Net amount	$617,068	$629,569
Reinsurance reserve assets		
Ceded unearned premium reserve	$2,664,570	$3,042,421
Ceded Reserve for Claims	4,007,455	4,297,919
Ceded premium deficiency reserve	15,538	-
Total	$6,687,563	$7,340,340

7. Property, Pplant, and Equipment

(1) This item is detailed as follows:

	Land	Buildings and structures	Miscellaneous equipment	Prepayments for equipment	Total
Costs:					
2022.1.1	$891,007	$525,973	$440,130	$23,279	$1,880,389
Additions	-	-	23,696	48,480	72,176
Disposition	-	-	(27,783)	-	(27,783)
Transfer	(142,624)	(35,758)	20,957	(36,690)	(194,115)
2022.12.31	$748,383	$490,215	$457,000	$35,069	$1,730,667
2021.1.1	$687,236	$481,559	$422,407	$19,633	$1,610,835
Additions	-	-	23,005	31,666	54,671
Disposition	-	-	(17,056)	-	(17,056)
Transfer	203,771	44,414	11,774	(28,020)	231,939
2021.12.31	$891,007	$525,973	$440,130	$23,279	$1,880,389

Depreciation & impairment:					
2022.1.1	$-	$(227,980)	$(343,765)	$-	$(571,745)
Depreciation	-	(8,416)	(41,027)	-	(49,443)
Disposition	-	-	27,659	-	27,659
Transfer	-	9,801	-	-	9,801
2022.12.31	$-	$(226,595)	$(357,133)	$-	$(583,728)
2021.1.1	$-	$(212,657)	$(318,143)	$-	$(530,800)
Depreciation	-	(8,330)	(39,918)	-	(48,248)
Disposition	-	-	14,296	-	14,296
Transfer	-	(6,993)	-	-	(6,993)
2021.12.31	$-	$(227,980)	$(343,765)	$-	$(571,745)
Net book values:					
2022.12.31	$748,383	$263,620	$99,867	$35,069	$1,146,939
2021.12.31	$891,007	$297,993	$96,365	$23,279	$1,308,644

(2) No guarantee provided for the above assets.

8. Investment property

(1) This item is detailed as follows:

	Land	Buildings and structures	Prepayments for premises	Total
Costs:				
2022.1.1	$2,012,420	$571,132	$-	$2,583,552
Additions	(8,531)	(2,983)	-	(11,514)
Transfer	142,624	46,458	-	189,082
2022.12.31	$2,146,513	$614,607	$-	$2,761,120
2021.1.1	$2,026,215	$477,193	$114,698	$2,618,106
Additions	124,976	88,655	-	213,631
Transfer	(138,771)	5,284	(114,698)	(248,185)
2021.12.31	$2,012,420	$571,132	$-	$2,583,552
Depreciation & impairment:				

2022.1.1	$(22,608)	$(152,487)	$-	$(175,095)
Depreciation	-	(16,678)	-	(16,678)
Transfer	-	2,160	-	2,160
2022.12.31	-	(9,801)	-	(9,801)
2021.1.1	$(22,608)	$(143,594)	$-	$(166,202)
Depreciation	-	(15,886)	-	(15,886)
Transfer	-	6,993	-	6,993
2021.12.31	$(22,608)	$(152,487)	$-	$(175,095)
Net book values:				
2022.12.31	$2,123,905	$437,801	$-	$2,561,706
2021.12.31	$1,989,812	$418,645	$-	$2,408,457

Item	For the years ended 31 December 2022	2021
Rental income from investment property	$78,172	$80,636
minus: direct operating expenses incurred by investment property that generates rental income in the current period	(8,373)	(8,420)
Total	(8,373)	$72,216

(2) No guarantee provided for the above assets.

(3) The investment property is not measured at fair value, but the fair value information is revealed, and the fair value is of level 3. The fair values of the investment property was NT$ 3,100,351 thousand and NT$ 2,865,771 thousand, respectively on December 31, 2022 and 2021, and the fair values were evaluated by an external independent valuation expert. The fair values were determined and supported by market evidence, using at least two evaluation methods, such as comparative approach and cost approach, and estimated with the weighted score method, in which the main parameters used are:

	2022.12.31	2021.12.31
Discounted rate	0.79%~4.71%	0.75%~3.28%

9. Intangible Assets

Item	2022.12.31	2021.12.31
Computer software cost	$261,149	$236,865
Increase in the current period	7,354	8,038
Transfer in the current period	783	16,246
Total	$269,286	$261,149

Computer software cost – cumulative amortization	$(233,694)	$(217,340)
Increase in the current period	(12,746)	(16,354)
Total	$(246,440)	$(233,694)
Net book values:	$22,846	$27,455

10. Other Assets

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Prepayments	$29,513	$36,866
Refundable deposits	699,087	627,855
Other assets - others	68,248	68,224
Total	$796,848	$732,945

(2) The Refundable Deposits are detailed as follows:

Item	2022.12.31	2021.12.31
Insurance business deposits	$525,822	$529,455
Club deposits	37,679	37,679
Other deposits	151,065	76,200
minus: cumulative impairment losses	(15,479)	(15,479)
Total	$699,087	$627,855

(3) In accordance with Articles 141 and 142 of the Insurance Law, bonds are deposited in the Central Bank as the insurance deposits.

11. Accounts Payables

Item	2022.12.31	2021.12.31
Claims and benefits payable	$14,984	$18,852
Commission payable	269,341	277,969
Due to Reinsurers & Ceding Companies	1,347,387	1,559,847
Other payables	1,059,499	1,037,554
Total	$2,691,211	$2,894,222

12. Insurance Liabilities

Item	2022.12.31	2021.12.31
Unearned premium reserve	$12,537,465	$12,284,374
Loss reserve	10,824,740	10,318,849
Special reserve	2,036,408	2,463,675
Premium deficiency reserve	105,130	-
Reserve for Liabilities	151	199

Total	$25,503,894	$25,067,097

(1) Unearned premium reserve

① Unearned Premium Reserve & Ceded Unearned Premium Reserve

	2022.12.31		
	Unearned premium reserve	Ceded unearned premium reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Fire insurance	$2,064,595	$(826,761)	$1,237,834
Marine insurance	449,171	(296,435)	152,736
Motor insurance	6,404,378	(678,902)	5,725,476
Engineering insurance	1,327,832	(732,467)	595,365
Liability insurance	1,165,849	(92,532)	1,073,317
Accident & health insurance	1,125,640	(37,473)	1,088,167
Total	$12,537,465	$(2,664,570)	$9,872,895

	2021.12.31		
	Unearned premium reserve	Ceded unearned premium reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Fire insurance	$2,036,741	$(948,608)	$1,088,133
Marine insurance	527,584	(376,026)	151,558
Motor insurance	6,180,017	(755,945)	5,424,072
Engineering insurance	1,277,805	(801,914)	475,891
Liability insurance	1,097,465	(105,498)	991,967
Accident & health insurance	1,164,762	(54,430)	1,110,332
Total	$12,284,374	$(3,042,421)	$9,241,953

② Adjustment of changes in unearned premium reserve & ceded unearned premium reserve

	For the years ended 31 December 2022		For the years ended 31 December 2021	
Item	Unearned premium reserve	Ceded unearned premium reserve	Unearned premium reserve	Ceded unearned premium reserve
Opening amount	$12,284,374	$3,042,421	$11,189,285	$2,664,359
Current deposits	12,537,465	2,664,570	12,284,374	3,042,421
Current recovery	(12,284,374)	(3,042,421)	(11,189,285)	(2,664,359)
Closing amount	$12,537,465	$2,664,570	$12,284,374	$3,042,421

(2) Claims reserve

① Claims reserve & ceded claims reserve

	2022.12.31		
	Loss reserve	Ceded Reserve for Claims	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	$8,454,689	$(3,413,012)	$5,041,677
IBNR	2,370,051	(594,443)	1,775,608
Total	$10,824,740	$(4,007,455)	$6,817,285

	2021.12.31		
	Loss reserve	Ceded Reserve for Claims	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	$7,956,694	$(3,613,608)	$4,343,086
IBNR	2,362,155	(684,311)	1,677,844
Total	$10,318,849	$(4,297,919)	$6,020,930

② Net changes in claims reserve and ceded claims reserve

	For the years ended 31 December, 2022					
	Direct underwriting (including ceded-in reinsurance)		Net change in loss reserve	Ceded reinsurance		Net change in ceded claims reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Outstanding losses	$8,454,689	$7,956,694	$497,995	$3,413,012	$3,613,608	$(200,596)
IBNR	2,370,051	2,362,155	7,896	594,443	684,311	(89,868)
Total	$10,824,740	$10,318,849	$505,891	$4,007,455	$4,297,919	$(290,464)

	For the years ended 31 December, 2021					
	Direct underwriting (including ceded-in reinsurance)		Net change in loss reserve	Ceded reinsurance		Net change in ceded claims reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Outstanding losses	$7,956,694	$7,460,902	$495,792	$3,613,608	$3,625,544	$(11,936)
IBNR	2,362,155	2,174,112	188,043	684,311	707,010	(22,699)
Total	$10,318,849	$9,635,014	$683,835	$4,297,919	$4,332,554	$(34,635)

③ Outstanding losses and IBNR claim liabilities to policyholders

	2022.12.31		
	Claims reserve		
Item	Outstanding losses	IBNR	Total
Fire insurance	$3,494,519	$10,352	$3,504,871

Marine insurance	504,112	70,502	574,614
Motor insurance	2,673,386	1,365,016	4,038,402
Engineering insurance	748,528	59,657	808,185
Liability insurance	806,276	395,030	1,201,306
Accident & health insurance	227,868	469,494	697,362
Total	$8,454,689	$2,370,051	$10,824,740

	2021.12.31		
	Claims reserve		
Item	Outstanding losses	IBNR	Total
Fire insurance	$3,101,334	$14,095	$3,115,429
Marine insurance	819,744	46,189	865,933
Motor insurance	2,460,057	1,443,867	3,903,924
Engineering insurance	532,447	38,874	571,321
Liability insurance	844,694	330,411	1,175,105
Accident & health insurance	198,418	488,719	687,137
Total	$7,956,694	$2,362,155	$10,318,849

④ Reinsurance assets – ceded claims reserve for Outstanding losses and IBNR claim liabilities to policyholders

	2022.12.31		
	Claims reserve (ceded)		
Item	Outstanding losses	IBNR	Total
Fire insurance	$2,396,803	$968	$2,397,771
Marine insurance	305,236	44,707	349,943
Motor insurance	154,409	413,262	567,671
Engineering insurance	300,709	13,059	313,768
Liability insurance	230,456	108,217	338,673
Accident & health insurance	25,399	14,230	39,629
Total	$3,413,012	$594,443	$4,007,455

	2021.12.31		
	Claims reserve (ceded)		
Item	Outstanding losses	IBNR	Total
Fire insurance	$2,247,297	$1,055	$2,248,352
Marine insurance	627,406	26,114	653,520
Motor insurance	231,427	461,527	692,954
Engineering insurance	190,979	4,538	195,517
Liability insurance	293,712	115,956	409,668
Accident & health insurance	22,787	75,121	97,908
Total	$3,613,608	$684,311	$4,297,919

⑤ Adjustment of changes in claims reserve and ceded claims reserve

Item	For the years ended 31 December,2022		For the years ended 31 December,2021	
	Loss reserve	Ceded Reserve for Claims	Loss reserve	Ceded Reserve for Claims
Opening amount	$10,318,849	$4,297,919	$9,635,014	$4,332,554
Current deposits	10,824,740	4,007,455	10,318,849	4,297,919
Current recovery	(10,318,849)	(4,297,919)	(9,635,014)	(4,332,554)
Closing amount	$10,824,740	$4,007,455	$10,318,849	$4,297,919

(3) Special Reserves

① Special reserve – compulsory automobile liability insurance

Item	For the years ended 31 December,	
	2022	2021
Opening amount	$170,540	$80,504
Current deposits	171,812	127,865
Current recovery	-	(37,829)
Closing amount	$342,352	$170,540

② Special reserve – non-compulsory automobile liability insurance

Item	Liabilities			
	For the years ended 31 December, 2022			
	Major accidents	Risk changes	Property appreciation	Total
Opening amount	$491,038	$1,576,248	$225,849	$2,293,135
Current deposits	-	-	-	-
Current recovery	(23,383)	(575,696)	-	(599,079)
Closing amount	$467,655	$1,000,552	$225,849	$1,694,056

Item	Liabilities			
	For the years ended 31 December, 2021			
	Major accidents	Risk changes	Property appreciation	Total
Opening amount	$514,421	$1,576,248	$225,849	$2,316,518
Current deposits	-	-	-	-
Current recovery	(23,383)	-	-	(23,383)
Closing amount	$491,038	$1,576,248	$225,849	$2,293,135

When the company initially applied IFRSs, the property appreciation measured at fair value in the initial DAY application should be used to make up the adverse effects of other

accounting items caused by the initial application, and the unrealized value added amont from the re-evaluation should be fully listed as a special reserve on the date of conversion.

According to the "Notice for Reinforcingthe Reserve of Natual Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry)" starting from January 1, 2013, property insurance companies should use the special reserves for catastrophic event and fluctuation of risk provided under liabilities before December 31, 2012 for insurances other than the compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance, to make up with higher priority the special reserves for catastrophic event and fluctuation of risk of the commercial earthquake insurance and typhoon flood insurance to their full level, and list them under liabilities, and then deduct the taxes from the balance of the above special reserves in accordance with IAS 12 and list the remainder in the special reserve under owner's equity.

Arrangements were made according to paragraph 2 of Article 1 and paragraph 2 of Article 8 under the "Notice for Reinforcingthe Reserve of Natual Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry)". The insurance coverage of products of the Company related to pandemic prevention is categorized as the risk of pandemic, complying with the material disaster stated in paragraph 2 of Article 1 under the Notice. As of September 30, 2022, arrangements were made according to paragraph 2 of Article 8; the special crisis allowance calculated by offsetting partial liabilities by the part of actual self-reserved compensation amount that exceeds the expected compensation was NT$575,696 thousand.

According to Article 2 of the "Compulsory Automobile Liability Insurance Act" and paragraph 1, Article 24-2 of the "Regulations for the Provision Appropriation for the Insurance Companies" established under the authorization of paragraph 2, Article 145 and paragraph 2, Article 148-3 of the "Insurance Act," from April 1, 2021, property insurance companies shall appropriate NT$30 from each insurance contract as the special provision based on the business expense of the insured under the compulsory automobile liability insurance business it operates. Subsequently, for the major business of the property insurance companies, when there are net losses from the insurance premium for the year, they shall use the provision hereof to make compensation first; for the insufficient part, they shall comply with Article 8 of the "Regulations for the Provision Appropriation for Compulsory Automobile Liability Insurance."

(1) Matters to be disclosed according to the Notice for Reinforcingthe Reserve of Natual Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry):

The impact of not being subject to the said precaution on the net income (loss) before tax, liabilities, equity, and earnings per share in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT$599,079 thousand, a decrease of NT$1,237,288 thousand, an increase of NT$510,567 thousand, and a decrease of NT$1.52 per share, respectively; and also a decrease of NT$23,383 thousand, a decrease of NT$1,836,367 thousand, an increase of NT$1,450,387 thousand, and a decrease of NT$0.06 per share, respectively.

(2) Matters to be disclosed in accordance with the "Guidelines for Strengthening Reserves of Residential Earthquake Coinsurance Organization Members" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT$171,516 thousand and an increase of NT$137,213 thousand, respectively; also, there was no impact on the earnings per share.

(3) Matters to disclosed in accordance with the "Regulations on Property Insurance Companies Various Reserves for Energy Insurance" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT$59,405 thousand and an increase of NT$47,524 thousand, respectively; also, there was no impact on the earnings per share.

(4) Premium insufficiency reserve

① Details of premium deficiency reserve

	2022.12.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Liability insurance	$77,690	$(15,538)	$62,152
Accident & health insurance	27,440	-	27,440

	2021.12.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Marine insurance	$-	$-	$-

② Recognized loss of net premium deficiency reserve – net change in premium deficiency reserve and net change in ceded premium deficiency reserve

	For the years ended 31 December, 2022						
	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	(7)=(3)-(6)
Liability insurance	$77,690	$-	$77,690	$15,538	$-	$15,538	$62,152
Accident & health insurance	27,440	-	27,440	-	-	-	27,440

	For the years ended 31 December, 2021						
	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	(7)=(3)-(6)

Marine insurance	$-	$2,829	$(2,829)	$-	$-	$-	$(2,829)

③Adjustment of changes in premium deficiency reserve and ceded premium deficiency reserve

	For the years ended 31 December,2022		For the years ended 31 December 2021	
Item	Premium deficiency reserve	Ceded premium deficiency reserve	Premium deficiency reserve	Ceded premium deficiency reserve
Opening amount	$-	$-	$2,829	$-
Current deposits	105,130	15,538	-	-
Current recovery	-	-	(2,829)	-
Closing amount	$105,130	$15,538	$-	$-

④Impact of changes in estimates and assumptions

The premium deficiency reserve is estimated by anticipated cost approach, where the anticipated final loss rate is based on the Company's loss experience in the past five years, taking into account the impact of large claims on the loss rate, while the anticipated maintenance cost takes reference to expense items such as salaries and information expenses listed in the Insurance Expense Exhibit for the past six years. However, the estimates and assumptions are uncertain, so the anticipation estimates may not match the actual ones in the future.

(5) Reserve for Liabilities

① Details of Reserve for Liabilities

	2022.12.31		
	Reserve for Liabilities	Ceded liability reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	$151	$-	$151

	2021.12.31		
	Reserve for Liabilities	Ceded liability reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	$199	$-	$199

② Net change in liability reserve and net change in ceded liability reserve

	For the years ended 31 December, 2022					
	Direct underwriting (including ceded-in reinsurance)		Net change in liability reserve	Ceded reinsurance		Net change in ceded liability reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)

Accident & health insurance	$151	$199	$(48)	$-	$-	$-

	For the years ended 31 December, 2021					
	Direct underwriting (including ceded-in reinsurance)		Net change in liability reserve	Ceded reinsurance		Net change in ceded liability reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Accident & health insurance	$199	$21	$178	$-	$-	$-

③ Adjustment of changes in liability reserve and ceded liability reserve

	For the years ended 31 December,2022		For the years ended 31 December,2021	
Item	Reserve for Liabilities	Ceded liability reserve	Reserve for Liabilities	Ceded liability reserve
Opening amount	$199	$-	$21	$-
Current deposits	151	-	199	-
Current recovery	(199)	-	(21)	-
Closing amount	$151	$-	$199	$-

13. Retirement Benefits Plan

Defined contribution pension plan

The Company's "Labor Pension Regulations" set forth in accordance with the "Labor Pension Act" is a defined contribution pension plan. According to the Act, the Company's monthly labor pension contribution rate shall not be less than 6% of the employee's monthly salary. Based on the "Labor Pension Regulations," 6% of the employee's salary is contributed to the individual retirement account established in the Bureau of Labor Insurance on a monthly basis.

The amounts of expenses on the defined contribution pension plan recognized in 2022 and 2021 were NT$ 49,520 thousand and NT$ 50,839 thousand, respectively

Defined Benefit Plan

The Company's "Labor Pension Regulations" set for in accordance with the "Labor Standards Act" is a define benefit plan, where the employee retirement pension is calculated based on the number of service years as the basis points and the monthly average salary at the time when the retirement is approved. Employees with 15 years (or less) of service are given 2 basis points for every full service year, and for every full service year after the 15 years are given 1 basis point, till 45 basis points topped. In accordance with the "Labor Standards Act," the Company allocates a certain percentage of the total salary on a monthly basis, and deposits it in a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. In addition, before the end of each year, the Company estimates the balance of the dedicated account based on the above calculation, and if the balance is not enough to pay the pension amount for the estimated number of workers illegible for retirement in the next year, the difference will be allocated by the end of March of the next year.

The Ministry of Labor carries out asset allocation in accordance with the "Regulations for Revenues,

Expenditures, Safeguard and Utilization of the Labor Retirement Fund," where the investment of the fund is executed by self-operations and entrusted operations, adopting both active and passive management of medium and long-term investment strategies. Taking into account the market risks, credit risks, and liquidity risks, the Ministry of Labor sets forth fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking the risks. For the use of the fund, the minimum income allocated to the annual final account shall not be less than the income calculated on the basis of the two-year fixed deposit of the local bank, and if there is a deficiency, the Department of the Treasury shall make up for it after approval by the competent authority. Having no right to participate in the operation and management of the fund, the Company is unable to disclose the fair value of the plan assets as required in Paragraph 142 of IAS 19. As of December 31, 2022, the Company's defined benefit plan was expected to be allocated NT$ 4,271 thousand in the next year.

As of December 31, 2022 and 2021, the weighted average durations of the defined benefit plan were 5 years and 10 years, respectively.

The following table summarizes the costs of the defined benefit plan recognized in gains and losses:

	For the years ended 31 December	
	2022	2021
Current service cost	$3,390	$4,358
Net interests of net defined benefit obligations (assets)	680	408
Total	$4,070	$4,766

The adjustments of present value of defined benefit obligations and fair value of plan assets are as follows:

	2022.12.31	2021.12.31	2021.1.1
Present value of the defined benefit obligations	$505,043	$583,997	$690,693
Fair value of plan assets	(457,206)	(464,717)	(563,147)
Number of account of net defined benefit obligations(assets)	$47,837	$119,280	$127,546

Adjustment of net defined benefit obligations (assets):

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit obligations (assets)
2021.1.1	$690,693	$(563,147)	$127,546
Current service cost	4,358	-	4,358
Interest expense (revenue)	2,210	(1,802)	408
Recognized in the profit or loss	6,568	(1,802)	4,766
Defined benefit obligations/Number of asset remeasurements:			
Actuarial gains and losses arising from changes in demographic assumptions	(2,940)	-	(2,940)
Actuarial gains and losses arising from changes in financial assumptions	(19,595)	-	(19,595)

Adjustment of experiences	20,973	-	20,973
Number of remeasurements of defined benefit assets	-	(851)	(851)
Recognized in the other comprehensive profit of loss	(1,562)	(851)	(2,413)
Benefit paid	(111,702)	111,702	-
Employer appropriation	-	(10,619)	(10,619)
2021.12.31	583,997	(464,717)	119,280
Current service cost	3,390	-	3,390
Interest expense (revenue)	3,329	(2,649)	680
Recognized in the profit or loss	6,719	(2,649)	4,070
Defined benefit obligations/Number of asset remeasurements:			
Actuarial gains and losses arising from changes in demographic assumptions	(1,154)	-	(1,154)
Actuarial gains and losses arising from changes in financial assumptions	(14,116)	-	(14,116)
Adjustment of experiences	2,456	-	2,456
Number of remeasurements of defined benefit assets	-	(38,176)	(38,176)
Recognized in the other comprehensive profit of loss	(12,814)	(38,176)	(50,990)
Benefit paid	(72,859)	72,859	-
Employer appropriation	-	(24,523)	(24,523)
2022.12.31	$505,043	$(457,206)	$47,837

The following assumptions are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discounted rate	1.06%	0.57%
Anticipated salary increase rate	1.00%	1.00%

Sensitivity analysis of each major actuarial hypothesis:

	For the years ended 31 December,			
	2022		2021	
	Increase of defined benefit obligations	Decrease of defined benefit obligations	Increase of defined benefit obligations	Decrease of defined benefit obligations
Increase of discount rate by 0.5%	$-	$11,077	$-	$16,795
Decrease of discount rate by 0.5%	13,683	-	39,731	-
Anticipated increase of salary by 0.5%	13,545	-	39,353	-
Anticipated decrease of salary by 0.5%	-	11,136	-	16,805

The above sensitivity analysis assumes that other assumptions remain unchanged, and when a single actuarial assumption (e.g. discount rate or anticipated salary) incurs a reasonable change, the resulting impact on the defined benefit obligations is analyzed. Since some actuarial assumptions are related to each other, and practically it is very rare to have only a single actuarial assumption that changes, and therefore such an analysis has its limitations.

The methods and assumptions used in the sensitivity analysis of the current period are the same as those used in the previous period.

14. Common Stock

As of December 31, 2022 and 2021, the Company's authorized capital was NT$ 5,000,000 thousand and NT$ 3,500,000 thousand respectively, and the paid-up capital was NT$ 3,159,633 thousand in both years, and the par value per share was NT$ 10, consisting of 315,963,300 shares.

15. Capital Reserve

Item	2022.12.31	2021.12.31
Share premium	$50,355	$50,355
Treasury stock trade	14,213	14,213
Others	232	232
Total	$64,800	$64,800

According to the statutory regulations, the capital reserve shall be used only to make up for corporate losses, and in the case of no business losses, the capital reserve from the surplus of shares issued in excess of the par value as well as donations can be appropriated to the capital by a fixed ratio of the paid-in capital, while the capital surplus may also be distributed in cash in proportion to the shareholders' initial shares.

16. Earnings Distribution and Dividend policy

(1) According to the Corporate Charter, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding for taxes
B. Make-up for losses
C. Twenty percent of the surplus deposited as the statutory surplus reserve.
D. Provision or reversal of special surplus reserve in accordance with other statutory regulations or orders from the competent authority.
E. Any remaining balances shall be combined with the accumulated earinings at the beginning of the same period and the adjusted amount of the undistributed earnings for the year, and the Board shall prepare the proposal for the distribution of earnings and submit it to the sharheolders' meeting for resolution.

The proposal for the earning distribution in the preceding paragraph shall be subject to a resolution receiving over hald of the attending Directors at a Board meeting attended by over two-thirds of the Directors; the dividends and bonuses shall be made in cash entirely or partially, and the distribution shall be reporte to the shareholders' meeting.

(2) In light of the sustainable development of the Company, healthy financial planning, improvements of capital use efficiency, and the protection of the interests of investors, the Company adopts the residual dividend policy as its dividend policy. The policy primarily considers the estimated capital planning of the Company in the future to measures the capital requirements of the year, and appropriate earnings according to requirements in the preceding paragraph; the distribution ratio of cash dividends shall be no less than 25% of the total dividends.

(3) The Board of Directors proposes a distribution plan for the distributable surplus, and submits it to the shareholders' meeting for resolution, and the relevant information of which is available from the Public Information Observatory.

(4) According to the Company Law, the statutory surplus reserve shall be allocated until its total amount has reached the total capital. The statutory surplus reserve can be used to make up for the business losses. If there is no business loss, the part of the statutory surplus reserve exceeding 25% of the paid-in capital can be used to issue new shares or distribute cash in proportion to the initial shares subscribed by shareholders. However, according to the Interpretation Decree No. 10202501991 of Jinguanbaocai Zi, cash distribution can be made according to Article 241 of the Company Law on conditions that the statutory surplus reserve must be allocated until its total amount has reached the total paid-in capital according to Article 145-1 of the Insurance Law and other requirements listed in the Decree are also met, before the application for cash distribution from the statutory surplus reserve according to Article 241 of the Company Law is sent to the competent authority for approval.

(5) According to the "Regulations on Insurance Companies Various Reserves," the annually added provisions to the special surplus reserves for major accidents and for risk changes are accounted at the end of the current year as the accounting entry point, and this part of the surplus are not distributed or used for other purposes. The accumulated provisions in 2022 and 2021 were NT$ 6,500,736 thousand and NT$5,667,272 thousand, respectively.

(6) According to the requirement under Letter Jin-guan-bao-cai-zi No. 10904939031 dated October 29, 2020, to optimize the financial structure of insurance companies, regarding the personal travel safety insurance – accidental death and disability payment policy sold during the year, they shall calculate the balances of 10% of its total premium income based on the insurance amount and number of days for insurance less 20% of the nominal tax rate at the end of each fiscal year in accordance with the "Table of Standards Rate for Accidental Death and Disability Payment under Personal Travel Safety Insurance"; such balances shall be appropriated to the special surplus reserve under the owner's interests. In 2022 and 2021, the accumulated provision were NT$4,012 thousand and NT$1,929 thousand, respectively.

The Company's shareholders' meetings on May 27, 2022 and July 03, 2021, respectively, resolved the 2021 and 2020 proposals on distribution of retained earnings and dividends per share, which are listed as follows:

	Distribution of retained earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal reserve	$450,202	$327,393	$-	$-
Special reserve	787,382	700,034	-	-
Common stock cash dividends	1,011,083	616,128	3.20	1.95

Please refer to Note (VI.)18 for the details of the assessment basis and recognized amounts of the remunerations for employees and directors.

17. Other equity

	From January 1 to December 30, 2022	From January 1 to December 30, 2021
Opening balance	$1,695,737	$1,297,086
Current period		

Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	(114,440)	19,856
Unrealized valuation gains and losses on investments in debt instruments measured at fair value through other comprehensive income	(102,665)	(11,484)
Other comprehensive income (loss) from adoption of overlay approach	(1,043,451)	385,365
Other Comprehensive income in current period	(1,260,556)	393,737
Accumulated to profit or loss on disposal of equity instruments measured at fair value through other comprehensive income	-	4,914
Closing balance	$435,181	$1,695,737

18. Summary of Employee Benefits, Depreciation and Amortization Expenses by Functions

By functions / By attributes	For the years ended 31 December,					
	2022			2021		
	Operating costs	Allocated as operating expenses	Total	Operating costs	Allocated as operating expenses	Total
Employee benefits						
Salaries and wages	$634,579	$1,430,881	$2,065,460	$617,812	$1,432,530	$2,050,342
Labor insurance and national health insurance	-	142,174	142,174	-	129,520	129,520
Pension expenses	-	53,590	53,590	-	55,605	55,605
Remuneration to directors	-	61,345	61,345	-	50,648	50,648
Depreciation expenses	-	82,813	82,813	-	79,693	79,693
Amortization expenses	-	23,844	23,844	-	26,963	26,963

Note 1: The number of employees of the Company in 2022 and 2021 was 1,645 and 1,681, respectively, and among them 10 and 10 were directors, respectively, who did not serve as working employees.

Note 2: The average employee benefit costs in 2022 and 2021 were NT$ 1,383 thousand and NT$ 1,338 thousand, respectively; the average employee salary costs were NT$ 1,263 thousand and NT$ 1,227 thousand, respectively; the adjusted change in average employee salary costs increased by 2.93%.

Note 3: In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established the Audit Committee composed of all independent directors, whose remunerations are included in the above summary table.

Note 4: The policies on the salaries and remunerations for directors, managers and employees are stipulated as follows:

Directors' remuneration policy: according to the Corporate Charter, the Board of Directors is authorized to determine the remunerations of individual directors based on their participation in the business operations and contributions, taking into consideration the average level of the insurance industry, and the resolution is proposed by the Remuneration Committee and submitted to the Board of Directors for approval.

Managers' remuneration policy: it is based on the factors including business strategy, profitability, and performance, taking into consideration the average compensation level in the talent marketplace and reasonably associated future risks, and the resolution is regularly reviewed by the Remuneration Committee and sent to the Board of Directors for approval.

Employees' remuneration policy: it is based on the employee's responsibilities, the current overall corporate economic environment, operating profits, personal performance and long-term goal incentives, taking into considering the average level in the marketplace and reasonably associated future risks, to decide relatively reasonable remunerations for the job undertaken.

In accordance with the Corporate Charter, no less than 1% of the business profits, if any, shall be appropriated for the employees' remunerations, and no more than 2% for the directors' remunerations. The profits, however, shall be used to make up for the accumulated business losses, if any. The above employee remunerations are paid in stock or cash, depending on the resolution by the Board of Directors, with more than two-thirds of the directors present and approved by more than half of the attending directors, and the resolution is reported in the shareholders' meeting. For more information about the employee and director remunerations approved by the Board of Directors, please visit the "Public Information Observatory" website of the Taiwan Stock Exchange.

In 2022, 5.8% and 1.5% of the profits were appropriated to the remunerations for employees and directors, respectively, and the remunerations recognized for employees and directors were NT$ 154,900 thousand and NT$ 40,031 thousand, respectively; In 2021, 5.0% and 1.13% of the profits were appropriated to the remunerations for employees and directors, respectively, and the remunerations recognized for employees and directors were NT$ 141,421 thousand and NT$ 32,019 thousand, respectively, which were accounted for under the item of salary expenses. The discrepancy between the estimated amounts and the amounts resolved by the Board, if any, will be listed as gains and losses of the next year.

The Board resolved on March 09, 2022 to distribute NT$ 141,421 thousand and NT$ 32,019 thousand in cash for the 2021 employee and director remunerations, respectively. For the 2021 profit distribution, there is no discrepancy between the amounts actually distributed to the employee and director remunerations and the amounts accounted for as expenses in the financial report.

19. Components of Other Comprehensive Profit or Loss

The components of other comprehensive profit or loss in 2022 are:

	Current reclassification adjustment	that occurs in current period	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Reevaluation of determined benefit plan	$50,990	$-	$50,990	$(10,198)	$40,792
Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss	(114,440)	-	(114,440)	-	(114,440)
Items that may be subsequently reclassified to gains and losses:					
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	(128,320)	-	(128,320)	25,655	(102,665)
Other comprehensive profit or loss reclassified by overlay approach	(1,043,451)	-	(1,043,451)	-	(1,043,451)
Total	$(1,235,221)	$-	$(1,235,221)	$15,457	$(1,219,764)

The components of other comprehensive profit or loss in 2021 are:

	Current reclassification adjustment	that occurs in current period	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Reevaluation of determined benefit plan	$2,413	$-	$2,413	$(483)	$1,930
Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss	19,856	-	19,856	-	19,856
Items that may be subsequently reclassified to gains and losses:					
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	(14,285)	-	(14,285)	2,801	(11,484)
Other comprehensive profit or loss reclassified by overlay approach	370,358	-	370,358	15,007	385,365
Total	$378,342	$-	$378,342	$17,325	$395,667

20. Income tax

Components of income tax:

Income tax recognized as Gains and Losses

	For the years ended 31 December, 2022	2021
Current income tax expenses (benefits):		
Current income tax payable	$401,616	$443,429
Current year adjustment of previous years' current income taxes	222	(5,844)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) related to initially generated and reversed temporary differences	68,408	(36,595)
Income tax expense	$470,246	$400,990

Income tax recognized in the Other Comprehensive Profit or Losses

	For the years ended 31 December, 2022	2021
Deferred income tax expenses (benefits):		
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	$(25,655)	$(2,801)
Reevaluation of determined benefit plan	10,198	483
Other comprehensive profit or loss reclassified by overlay approach	-	(15,007)
Income tax related to the components of other comprehensive profit or loss	$(15,457)	$(17,325)

Income tax expense multiplied by the amount of applicable income is adjusted as follows

	For the years ended 31 December, 2022	2021
Net profit before tax from continuing operations	$2,473,816	$2,654,983

Taxes calculated at statutory income tax rate	$494,763	$530,996
Income tax impact from tax-free profits	(26,253)	(125,593)
Income tax impact from non-deductible expenses on tax returns	1,514	1,264
Additional income tax on undistributed surplus	-	167
Current year adjustment of previous years' current income taxes	222	(5,844)
Total income tax expenses recognized as profit or loss	$470,246	$400,990

The balance of deferred income tax assets (liabilities) related to the following items:

For the years ended 31 December,2022	Opening balance	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Recognized as equity	Balance as of end of the term
Temporary difference					
Valuation of financial assets and liabilities measured at fair value through profit or loss Valuation of assets and liabilities	$(9,595)	$59,383	$-	$-	$49,788
Land appreciation tax	(15,378)	-	-	-	(15,378)
Gains and losses reclassified by overlay approach and valuation of financial assets measured at fair value through other comprehensive profit or loss.	(9,416)	-	25,655	-	16,239
Exchange losses	97,862	(119,183)	-	-	(21,321)
Assets impairment	103,648	(4,518)	-	-	99,130
Bad debt losses	36,804	-	-	-	36,804
Net determined benefit liability	23,855	(4,090)	(10,198)	-	9,567
Investment property recognized as cost at fair value on conversion date	504	-	-	-	504
Deferred income tax (expenses)/benefits		$(68,408)	$15,457	$-	
Net deferred income tax assets/(liabilities)	$228,284				$175,333
Information expressed on the balance sheet is as follows:					
Deferred income tax assets	$262,673				$212,032
Deferred tax liabilities	$(34,389)				$(36,699)

For the years ended 31 December,2021	Opening balance	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Recognized as equity	Balance as of end of the term
Temporary difference					
Valuation of financial assets and liabilities measured at fair value through profit or loss Valuation of assets and liabilities	$(19,374)	$9,779	$-	$-	$(9,595)
Land appreciation tax	(15,378)	-	-	-	(15,378)
Gains and losses reclassified by overlay approach and valuation of financial assets measured at fair value through other comprehensive profit or loss.	(27,224)	-	17,808	-	(9,416)
Exchange losses	73,930	23,932	-	-	97,862
Assets impairment	99,594	4,054	-	-	103,648

Bad debt losses	36,804	-	-	-	36,804
Pension appropriation	(127)	127	-	-	-
Net determined benefit liability	25,635	(1,297)	(483)	-	23,855
Investment property recognized as cost at fair value on conversion date	504	-	-	-	504
Deferred income tax (expenses)/benefits		$36,595	$17,325	$-	
Net deferred income tax assets/(liabilities)	$174,364				$228,284
Information expressed on the balance sheet is as follows:					
Deferred income tax assets	$236,467				$262,673
Deferred tax liabilities	$(62,103)				$(34,389)

Approval of income tax declaration

As of December 31, 2022, the Company's declaration of profit-making business income tax returns has been approved by the Revenue Service Office up to the fiscal year 2019.

21. Earnings Per Share

The basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of common shares outstanding, of the current period.
The diluted earnings per share is calculated by dividing the net profit attributable to the holders of common shares of the parent company by the weighted average number of common shares outstanding, of the current period, plus the weighted average number of common shares to be issued when all dilutive potential common shares are converted into common shares.
Earnings per share of 2022 and 2021 are as follows:

Item	For the years ended 31 December, 2022	2021
continuing operations	$2,003,570	$2,253,993
Weighted average number of common shares (in thousands) of basic earnings per share	315,963	315,963
Basic earnings per share (NTD)	$6.34	$7.13

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

22. Expected Credit Losses (Profits)

	For the years ended 31 December, 2022	2021
Total operating revenues- Expected credit impairment loss and reversal gain on investment		
Financial assets at fair value through other comprehensive profit or loss	$(48)	$(283)
Financial assets based on cost after amortization	(1,881)	(106)
subtotal	(1,929)	(389)
Operating expenses: -Expected credit impairment reversal from		

non-investments		
Receivalbe	(116)	(463)
Insurance premium receivable	8,033	3,892
Other receivables	572	(555)
Claims Recoverable from Reinsurance	(511)	(1,172)
Due from Reinsurer &Ceding companies	10,075	21,216
Other	-	(3,596)
subtotal	18,053	19,322
Total	$16,124	$18,933

For information about the credit risks, please see Note (Ⅶ.)

23. Lease

(1) The company as a lessee

The Company leases a number of different assets, including property (houses and buildings) and other equipment. The lease periods of various contracts are from 1 year to 6 years.

The impact of the leasing business on the Company's financial status, financial performance and cash flow is described as follows:

A. Amounts recognized in the balance sheet

(a).Right-of-use assets

Book values of right-of-use assets

	2022.12.31	2021.12.31
Buildings and structures	$21,398	$16,919
Other equipment	11,806	17,474
Total	$33,204	$34,393

The right-of-use assets increased NT$ 15,958 thousand and NT$ 18,023 thousand in 2022 and 2021, respectively.

(b).Lease liabilities

	2022.12.31	2021.12.31
Lease liabilitie	$33,836	$34,924

The interest expenses of the lease liabilities recognized in 2022 and 2021 were NT$ 627 thousand and NT$ 718 thousand, respectively.

The maturities of lease liabilities as of December 31, 2022 and 2021 are analyzed as follows:

December 31, 2022

	Maturity period			
	less than 1 year	1–5 years	over 5 years	Total
Lease liabilitie	$16,144	$18,342	$-	$34,486

December 31, 2021

	Maturity period			
	less than 1 year	1–5 years	over 5 years	Total
Lease liabilitie	$14,892	$20,870	$-	$35,762

The above table shows the cash outflow analysis of the Company's lease liabilities based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are based on contractual cash flows, so the amounts disclosed will not correspond to relevant items on the balance sheet.

B. Amounts recognized in the consolidated income statement

Depreciation of right-of-use assets

	For the years ended 31 December,	
	2022	2021
Buildings and structures	$10,394	$10,371
Other equipment	6,298	5,188
Total	$16,692	$15,559

C. The lessee's income and expenses related to leasing activities

	For the years ended 31 December,	
	2022	2021
Short-term leasing expenses	$13,621	$34,293

D. The lessee's cash outflows related to leasing activities

The total cash outflows in 2022 and 2021 were NT$ 50,450 thousand and NT$ 46,023 thousand, respectively.

(2) The Company as a lessor

The Company owned investment properties are disclosed in Note (Ⅵ.)8. The Company owned investment properties are classified as operating leases because almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred.

	For the years ended 31 December,	
	2022	2021
Lease income recognized under operating lease		
Fixed lease payments	$78,172	$80,636

The lease contracts with undiscounted lease payments received and total amounts for remaining years ranged on December 31 of 2022 and 2021 were:

	2022.12.31	2021.12.31
no more than 1 year	$67,789	$69,726
over 1 year but no more than 2 years	47,075	53,062
over 2 years but no more than 3 years	14,888	32,363
over 3 years but no more than 4 years	2,754	10,303
over 4 years but no more than 5 years	1,319	2,754
over 5 years	2,016	3,335
Total	$135,841	$171,543

(VII.) Risk Management of Insurance Contracts and Financial Instruments

(1) The structure, organization, and accountability and empowerment

A. Board of Directors

a. The Board of Directors is the Company's highest decision-making body on risk management and undertakes the ultimate responsibility for the company's overall risk management.

b. The Board of Directors resolves the overall risk management policy and risk appetite in accordance with the corporate overall operating strategy and environment.

B. Risk Management Committee

To meet the legal requirements of internal control and audit, the Committee is established to set up a complete internal risk control management structure for effective formulation, implementation, and tracking of the overall risk management policies and related affairs, to prevent potential risks affecting the Company's operating stability, and create substantive values from it.

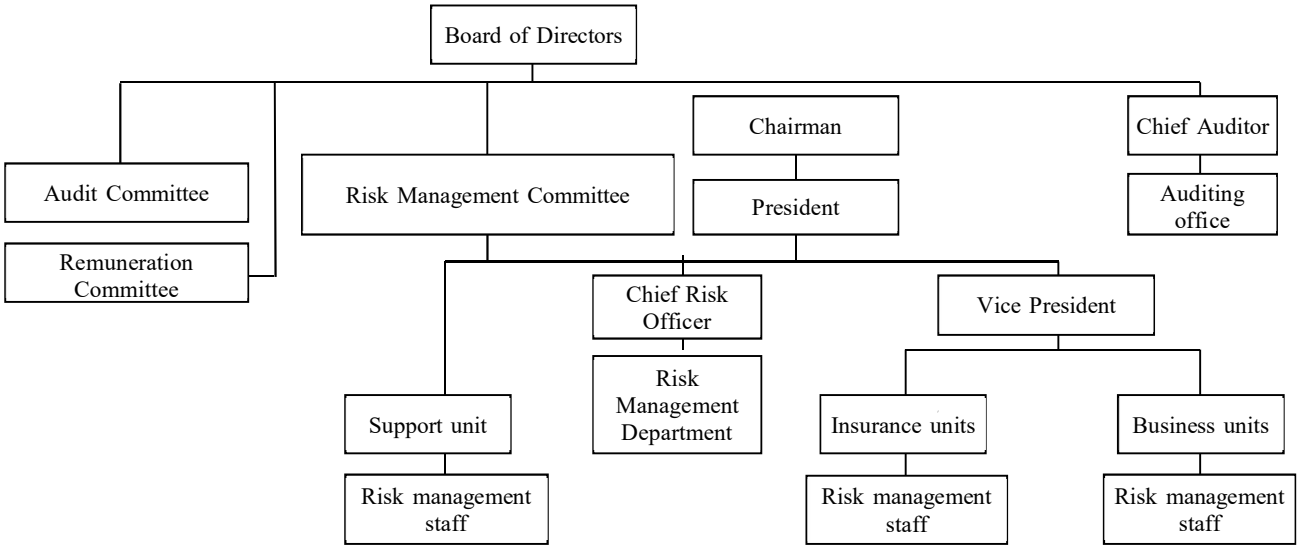
C. Risk Management Department

The department assists the Board of Directors in formulating and implementing risk management policies and driving the practices by consolidating the risk management in individual departments for an integrated operation.

D. Business Department

a. The department performs daily risk management affairs and provides feedback on risk information to the Risk Management Department.

b. The department has a risk management person working as a window to the Risk Management Department and handles risk management business under the instructions from the department head.



(2) The scope and features of the risk reporting and measurement system of the property insurance industry

A. Risk reporting

a. The business unit regularly sends risk information to the risk management unit for monitoring, and when the risk limit is exceeded, proposes an over-limit handling report along with corresponding measures.

b. The risk management unit summarizes the risk information received from the business unit, to review and track the use of major risk limits, and report to the Chairman every quarter for regular monitoring.

B. The scope and features of the market risk measurement system

The Company's market risk measurement is based on the Bloomberg Algor Model, expressed with the market risk value VaR, which covers the risk of changes in exchange rates and interest rates, where the information system is shared by the Investment Department and the Risk Management Department, while the measurement is performed by the Middle Platform of the Risk Management Department.

(3) Procedures for the property insurance industry to undertake, measure, supervise and control insurance risks, and underwriting policies to ensure appropriate risk classification and premium levels

The Company's Risk Management Department is responsible for monitoring and integrating the corporate insurance risks, and requires relevant departments to set up risk indicators and management mechanisms as the basis for the Risk Management Department to monitor, while all the relevant departments manage the underlying insurance risks, and regularly provide implementation status to the Risk Management Department in accordance with the statutory regulations, internal regulations, and their professional knowledge and experience, and the Risk Management Department submits quarterly risk management reports to the Board of Directors.

(4) Assessment of insurance risks and scope of insurance risk management

The Company's insurance risk management covers product design and pricing, underwriting, reinsurance, catastrophes, and risks related to claims and reserves, for which appropriate management mechanisms are established and implemented.

(5) Approaches used by the property insurance industry to limit exposure to insurance risks and avoid concentration risks:

When an insurance business is introduced, the Company's underwriters evaluate the business quality based on the underwriting standards of the insurance types to determine whether to undertake it, in order to appropriately avoid and control risks for lower level of exposure.

The Company operates ceded-in/out retention and reinsurance based on the "Regulations on Insurance Companies Engaging in Ceding Reinsurance and Other Risk Spreading Mechanisms," for which a risk retention mechanism is established, and a reinsurance risk management plan is also established based on the risk undertaking capacity, while the limit of the risk retention is set according to individual risk units by insurance types. The risk retention limits of individual risk units by insurance types are disclosed as follows:

Insurance types	For the years ended 31 December, 2022	2021
A.Fire insurance	$500,000	$500,000
B.Marine insurance		
a. Cargo insurance	300,000	300,000
b. Hull insurance	300,000	300,000
c. Fishing vessel insurance	300,000	300,000
C. New insurance types		
a. Engineering insurance	1,000,000	1,000,000
b. Liability insurance	660,000	660,000
c. Accident insurance	1,300,000	1,300,000
d. Health insurance	5,000	5,000
D.Car insurance		
a. Damage insurance	60,000	60,000
b. Third-party liability insurance	400,000	400,000

2. Management of assets and liabilities

Based on the business features, the Company regularly measures various reserves to ensure that the current capital allocation and asset investment liquidity are sufficient to cover possible future claims. Cash flow management is carried out on a daily basis by a fund dispatch unit independent of the trading unit, and the dispatch and management of the funds takes into account the fund demands and schedules of individual departments.

Also, the Company has established the Operational Crisis Response Guidelines based on the "Key Attributes for Handling Financial Institutions' Operational Crisis" set by the FSC, and in the event of a huge loss of funds or s severe liquidity shortage, a crisis taskforce will be established immediately to quickly assess the impact on the fund liquidity and the amount needed to fill the fund gap as well as the funding schedule and efficacy, to protect the interests of the policyholders and the Company.

3. The procedure for managing, monitoring and controlling commitments on liabilities or additional investment in owner's equity to be undertaken by insurance companies when a specific event occurs.

The Company has established a capital adequacy management mechanism, which includes a capital adequacy index to facilitate regular reviews and preparation of capital adequacy reports biannually.

If the capital adequacy ratio exceeds the risk limit, or an abnormality occurs, the cause of the event will be explored and responses be set forth to evaluate the impact on the capital adequacy.

4. Receivables (payables) of Insurance Contracts

(1) Receivables of Insurance Contacts

Item	Notes Receivable (note)	
	2022.12.31	2021.12.31
Fire insurance	$16,270	$22,169
Marine insurance	59,705	53,401
Motor insurance	92,473	91,367
Engineering insurance	49,867	41,666
Liability insurance	18,031	20,266
Accident & health insurance	6,803	7,409
Others	410	34,630
Total	243,559	270,908
plus: non-performing loans	157	-
Less: Allowance for losses	(2,593)	(2,709)
Net amount	$241,123	$268,199

Note: The notes receivable on December 31, 2022 and 2021 included non-performing loans of NT$ 157 thousand and NT$ 0 thousand respectively, and accordingly allowances for losses of NT$ 157 thousand and NT$ 0 thousand were provided respectively.

Item	Premiums Receivable (note) 2022.12.31	2021.12.31
Fire insurance	$400,607	$559,048
Marine insurance	136,370	273,790
Motor insurance	59,116	92,095
Engineering insurance	82,036	91,122
Liability insurance	81,074	152,212
Accident & health insurance	43,423	85,695
Total	802,626	1,253,962
plus: non-performing loans	204,518	139,299
Less: Allowance for losses	(36,405)	(28,372)
Net amount	$970,739	$1,364,889

Note: The premiums receivable on December 31, 2022 and 2021 included non-performing loans of NT$204,518 thousand and NT$139,299 thousand, and accordingly allowances for losses of NT$28,379 thousand and NT$15,832 thousand were provided respectively.

(2) Reinsurance assets – claims recoverable from reinsurers for the claims reported and settled with the policyholders

Item	2022.12.31 Actually paid	2021.12.31 Actually paid
Fire insurance	$11,999	$21,740
Marine insurance	6,998	13,900
Motor insurance	150,293	178,756
Engineering insurance	13,679	23,657
Liability insurance	21,018	1,245
Accident & health insurance	24,406	40,233
Total	228,393	279,531
plus: non-performing loans	-	-
Less: Allowance for losses	(2,284)	(2,795)
Net amount	$226,109	$276,736

(3) Commissions payable for insurance contracts

Item	2022.12.31	2021.12.31
Fire insurance	$50,300	$33,456
Marine insurance	24,437	26,437
Motor insurance	106,587	102,368
Engineering insurance	14,861	15,879
Liability insurance	35,337	45,297
Accident & health insurance	37,819	54,532
Total	$269,341	$277,969

(4) Due from (to) Reinsurers & Ceding Companies – holding reinsurance

Item	2022.12.31	
	Due from Reinsurers & Ceding Companies (note)	Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	$131,074	$159,333
CRC	89,003	7,254
ERF	42,011	-
JOH	51,004	162,052
SWH	36,579	52,956
WIL	71,081	52,774
WIT	41,659	161,427
Others	133,886	751,591
Subtotal	596,297	1,347,387
plus: non-performing loans	42,464	-
Less: Allowance for losses	(21,693)	-
Net amount	$617,068	$1,347,387

Item	2021.12.31	
	Due from Reinsurers & Ceding Companies (note)	Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	$97,958	$165,945
AON	48,965	23,864
CRC	97,229	29,005
JOH	111,891	284,679
SWH	93,384	56,389
WIT	32,659	108,970
Others	121,275	890,995
Subtotal	603,361	1,559,847
plus: non-performing loans	43,595	-
Less: Allowance for losses	(17,387)	-
Net amount	$629,569	$1,559,847

Note: The dues from reinsurers & ceding companies on December 31, 2022 and 2021 included non-performing loans of NT$42,464 thousand and NT$43,595 thousand respectively, and accordingly allowances for losses of NT$15,969 thousand and NT$ 12,358 thousand were respectively provided.

(5) The notes receivable, premiums receivable, other receivables, claims recoverable from reinsurers, and due from reinsurers and ceding companies are grouped based on the counterparty's credit rating, region and industry, and the allowances for losses measured with the provision matrix are as follows:

	2022.12.31				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit losses	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$2,056,568	$283,315	$117,103	$49,808	$2,506,794
Allowance for losses (expected credit losses)	(18,191)	(4,287)	(7,660)	(35,148)	(65,286)
Total	$2,038,377	$279,028	$109,443	$14,660	$2,441,508

	2021.12.31				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit losses	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$2,557,277	$184,182	$136,531	$26,355	$2,904,345
Allowance for losses (expected credit losses)	(23,155)	(2,805)	(10,688)	(16,354)	(53,002)
Total	$2,534,122	$181,377	$125,843	$10,001	$2,851,343

The company does not hold any collateral for the balance of such receivables.

5. Information related to business performance

(1) Insurance contract acquisition cost

Item	For the years ended 31 December, 2022				
	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	$235,799	$-	$22,630	$1,727	$260,156
Marine insurance	84,694	-	-	51	84,745
Motor insurance	1,553,541	-	318,481	-	1,872,022
Engineering insurance	89,046	-	-	23	89,069
Liability insurance	249,418	-	-	9	249,427
Accident & health insurance	435,489	-	-	-	435,489
Total	$2,647,987	$-	$341,111	$1,810	$2,990,908

Item	For the years ended 31 December, 2021				
	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	$218,733	$-	$22,126	$6,216	$247,075
Marine insurance	80,488	-	-	210	80,698
Motor insurance	1,474,106	-	326,890	-	1,800,996
Engineering insurance	76,097	-	-	55	76,152
Liability insurance	242,719	-	-	9	242,728
Accident & health insurance	464,324	-	-	-	464,324
Total	$2,556,467	$-	$349,016	$6,490	$2,911,973

(2) Analysis of insurance profit and loss

A. Analysis of the profit and loss of the underwriting and ceded-in reinsurance

Item	For the years ended 31 December, 2022							
	Premium revenues	Reinsurance premium revenues	Net changes in unearned premium reserve	Insurance contract acquisition cost	Insurance claims (including indemnity expense)	Reinsurance claims	Net change in loss reserve	Insurance profit and loss
Fire insurance	$4,182,739	$91,932	$(27,854)	$(260,156)	$(893,834)	$(4,412)	$(389,442)	$2,698,973
Marine insurance	994,808	3,885	78,413	(84,745)	(519,917)	(15)	291,319	763,748
Motor insurance	11,883,395	603,095	(224,361)	(1,872,022)	(6,632,967)	(606,200)	(134,478)	3,016,462
Engineering insurance	1,228,472	101	(50,027)	(89,069)	(221,716)	(488)	(236,864)	630,409
Liability insurance	1,853,918	3,373	(68,384)	(249,427)	(1,124,104)	(820)	(26,201)	388,355
Accident & health insurance	2,259,092	8,339	39,122	(435,489)	(1,384,429)	(1,442)	(10,225)	474,968
Total	$22,402,424	$710,725	$(253,091)	$(2,990,908)	$(10,776,967)	$(613,377)	$(505,891)	$7,972,915

Item	For the years ended 31 December, 2021							
	Premium revenues	Reinsurance premium revenues	Net changes in unearned premium reserve	Insurance contract acquisition cost	Insurance claims (including indemnity expense)	Reinsurance claims	Net change in loss reserve	Insurance profit and loss
Fire insurance	$3,813,860	$146,123	$(335,169)	$(247,075)	$(1,149,348)	$(26,138)	$(95,478)	$2,106,775
Marine insurance	1,187,123	2,917	(96,983)	(80,698)	(387,220)	(120)	(182,837)	442,182
Motor insurance	11,493,868	587,790	(378,173)	(1,800,996)	(6,416,826)	(585,584)	(263,964)	2,636,115
Engineering insurance	1,113,168	249	(104,043)	(76,152)	(331,879)	383	(26,891)	574,835
Liability insurance	1,794,300	2,556	(221,761)	(242,728)	(536,646)	(1,754)	(88,502)	705,465
Accident & health insurance	2,329,751	7,734	41,040	(464,324)	(1,311,451)	(1,285)	(26,163)	575,302
Total	$21,732,070	$747,369	$(1,095,089)	$(2,911,973)	$(10,133,370)	$(614,498)	$(683,835)	$7,040,674

B. Current profit and loss recognized for purchased reinsurance contracts

	For the years ended 31 December, 2022					
Item	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded claims reserve	Ceded reinsurance (loss) profit
Fire insurance	$(2,057,874)	$(121,847)	$49,957	$556,041	$149,419	$(1,424,304)
Marine insurance	(473,932)	(79,591)	57,704	283,360	(303,577)	(516,036)
Motor insurance	(1,198,755)	(77,043)	105,541	1,120,297	(125,283)	(175,243)
Engineering insurance	(491,402)	(69,447)	36,828	46,439	118,251	(359,331)
Liability insurance	(165,880)	(12,966)	19,419	92,891	(70,995)	(137,531)
Accident & health insurance	(142,984)	(16,957)	11,699	126,365	(58,279)	(80,156)
Total	$(4,530,827)	$(377,851)	$281,148	$2,225,393	$(290,464)	$(2,692,601)

	For the years ended 31 December, 2021					
Item	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded claims reserve	Ceded reinsurance (loss) profit
Fire insurance	$(2,022,366)	$208,595	$89,750	$763,562	$(83,067)	$(1,043,526)
Marine insurance	(671,427)	90,214	65,325	168,243	119,754	(227,891)
Motor insurance	(1,329,083)	10,931	131,828	1,142,540	(17,577)	(61,361)
Engineering insurance	(527,722)	100,641	38,905	94,802	(33,441)	(326,815)
Liability insurance	(188,534)	566	21,143	48,601	(21,740)	(139,964)
Accident & health insurance	(182,471)	(32,885)	10,786	213,449	1,436	10,315
Total	$(4,921,603)	$378,062	$357,737	$2,431,197	$(34,635)	$(1,789,242)

6. Sensitivity of Insurance Risks

			Expected impact on profit or loss with 5% increase of loss rate	
Insurance contract type	Premium revenues	Expected loss rate	Before holding reinsurance	After holding reinsurance
Fire insurance	$4,182,855	70.03%	$209,143	$106,248
Marine insurance	989,806	70.31%	49,490	26,044
Land and air insurance	9,720,883	65.62%	486,044	470,961
Liability insurance	1,457,530	71.09%	72,876	65,864
Engineering Guarantee Insurance	1,259,764	62.96%	62,988	38,230
Other property insurance	365,096	60.94%	18,255	17,161
Accident insurance	2,226,738	62.93%	111,337	104,218
Health insurance	32,355	65.18%	1,618	1,588
Automobile liability insurance	2,167,513	Not applicable	Not applicable	Not applicable
Total	$22,402,540		$1,011,751	$830,314

Note: The data period is from January to December 2022; fire insurance premiums are not covered in long-term fire insurance

According to the data from January to December 2022, although the assumed increase of expected loss rate by 5% have a certain degree of impact on the profit or loss, with the reinsurance arrangement, however, the impact from the change in expected loss rate can be reduced, thereby spreading the risks, and the sensitivity can be maintained within a reasonable range.

7. Explanation of concentrated insurance risks

(1) Circumstances that may lead to concentrated insurance risks:

A. Proportion of premiums for underwriting and ceded-in reinsurance

The insurance contracts underwritten by the company are spread across different types of insurance without concentration on a single type of insurance, and the highest proportion is attributed to automobile insurance, which accounted for 54.02% and 53.75% of the total underwriting in 2022 and 2021, respectively. Although the proportion is higher than that of other insurances, experiences show the relevant loss is stable and the risk variation is not significant; other insurance types do not have risk concentration either.

Proportion of premiums for underwriting and ceded-in reinsurance

	For the years ended 31 December,			
	2022		2021	
Item	Amount	Percentage.	Amount	Percentage.
Fire insurance	$4,274,671	18.49%	$3,959,983	17.62%
Marine insurance	998,693	4.32%	1,190,040	5.29%
Motor insurance	12,486,490	54.02%	12,081,658	53.75%
Engineering insurance	1,228,573	5.32%	1,113,417	4.95%
Liability insurance	1,857,291	8.04%	1,796,856	7.99%
Accident & health insurance	2,267,431	9.81%	2,337,485	10.40%
Total	$23,113,149		$22,479,439	

B. Retention ratios

The car insurance has the highest retention ratios, which accounted for 60.75% and 61.24% of its total premiums in 2022 and 2021 respectively, and in consideration of the possibility of significant cumulative losses, reinsurance is arranged to spread the risks, and therefore no risk concentration present.

Also considered are insurances related to natural disasters (e.g. earthquakes and typhoon floods) that may lead to significant cumulative losses, as well as insurances that may result in cumulative losses including property related insurances (fire insurance, engineering insurance), marine insurance and accident insurance, and to avoid concentrated underwriting risks, catastrophe reinsurance contacts are purchased to spread the risks.

Premiums retention ratios:

Item	For the years ended 31 December,2022		For the years ended 31 December,2021	
	Amount	Percentage.	Amount	Percentage.
Fire insurance	$2,216,797	11.93%	$1,937,617	11.04%
Marine insurance	524,761	2.82%	518,613	2.95%
Motor insurance	11,287,735	60.75%	10,752,575	61.24%
Engineering insurance	737,171	3.97%	585,695	3.34%
Liability insurance	1,691,411	9.10%	1,608,322	9.16%
Accident & health insurance	2,124,447	11.43%	2,155,014	12.27%
Total	$18,582,322		$17,557,836	

C. The following table shows the concentrated risks of different insurance types before and after reinsurances:

Item	For the years ended 31 December, 2022			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	$4,182,739	$91,932	$(2,057,874)	$2,216,797
Marine insurance	994,808	3,885	(473,932)	524,761
Motor insurance	11,883,395	603,095	(1,198,755)	11,287,735
Engineering insurance	1,228,472	101	(491,402)	737,171
Liability insurance	1,853,918	3,373	(165,880)	1,691,411
Accident & health insurance	2,259,092	8,339	(142,984)	2,124,447
Total	$22,402,424	$710,725	$(4,530,827)	$18,582,322

Item	For the years ended 31 December,2021			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	$3,813,860	$146,123	$(2,022,366)	$1,937,617
Marine insurance	1,187,123	2,917	(671,427)	518,613
Motor insurance	11,493,868	587,790	(1,329,083)	10,752,575
Engineering insurance	1,113,168	249	(527,722)	585,695
Liability insurance	1,794,300	2,556	(188,534)	1,608,322
Accident & health insurance	2,329,751	7,734	(182,471)	2,155,014
Total	$21,732,070	$747,369	$(4,921,603)	$17,557,836

8. Claims development trend

This table discloses the IBNR reserves for the insurance types based on the “Loss Development Triangles.”

◎ Claims development trend:

A. Cumulative reported claims

Accident Year	Assessment date 2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31	Cumulative settled claims 2022.12.31	Outstanding claims	IBNR claims	Claims reserve
≦2017							$358,848		
2018	$7,005,283	$7,378,153	$7,256,705	$7,244,168	$7,220,826	$7,153,153	67,673		
2019		8,069,856	8,686,669	8,618,981	8,395,432	8,229,260	166,172		
2020			9,736,071	10,213,567	10,287,953	8,438,010	1,849,943		
2021				8,570,248	8,799,772	7,494,500	1,305,272		
2022					9,898,831	5,579,426	4,319,405		
Total							$8,067,313	$1,360,029	$9,427,342

Accident Year	Assessment date 2017.12.31	2018.12.31	2019.12.31	2020.12.31	2021.12.31	Cumulative settled claims 2021.12.31	Outstanding claims	IBNR claims	Claims reserve
≦2016							$377,920		
2017	$6,409,289	$6,589,715	$6,537,614	$6,531,323	$6,557,063	$6,480,591	76,472		
2018		7,005,283	7,378,153	7,256,705	7,244,168	7,110,430	133,738		
2019			8,069,856	8,686,669	8,618,981	7,984,530	634,451		
2020				9,736,071	10,213,567	7,651,271	2,562,296		
2021					8,570,248	4,968,283	3,601,965		
Total							$7,386,842	$1,289,214	$8,676,056

B. Cumulative reported claims

Accident Year	Assessment date 2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31	Cumulative settled claims 2022.12.31	Outstanding claims	IBNR claims	Claims reserve
≦2017							$116,299		
2018	$5,824,992	$6,079,736	$6,030,322	$5,976,778	$5,962,692	$5,913,109	49,583		
2019		6,383,975	6,586,879	6,575,205	6,562,893	6,472,872	90,021		
2020			6,976,044	7,297,107	7,359,338	7,050,555	308,783		
2021				7,164,861	7,380,765	6,541,024	839,741		
2022					8,496,275	5,174,219	3,322,056		
Total							$4,726,483	$1,169,941	$5,896,424

Accident Year	Assessment date 2017.12.31	2018.12.31	2019.12.31	2020.12.31	2021.12.31	Cumulative settled claims 2021.12.31	Outstanding claims	IBNR claims	Claims reserve
≦2016							$115,952		
2017	$5,383,242	$5,476,366	$5,441,622	$5,441,978	$5,471,478	$5,415,708	55,770		
2018		5,824,992	6,079,736	6,030,322	5,976,778	5,886,007	90,771		
2019			6,383,975	6,586,879	6,575,205	6,401,285	173,920		
2020				6,976,044	7,297,107	6,606,252	690,855		
2021					7,164,861	4,366,240	2,798,621		
Total							$3,925,889	$1,050,561	$4,976,450

Note: The above figures do not include policy-based insurances (i.e. automobile compulsory insurance, residential earthquake insurance, nuclear energy insurance) and the insurances with IBNR reserves not provided based on the "Loss Development Triangles."and not include refund cash value of long-term accident & health insurance

9. Types of Financial Instruments

Financial Instruments	2022.12.31	2021.12.31
Financial assets		
Financial assets measured at fair value through profit or loss:		
Measured at fair value through income under compulsion	$6,747,161	$8,823,185
Financial assets at fair value through other comprehensive profit or loss	1,388,344	1,352,772
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand and working capital)	10,841,906	11,754,641
Financial assets based on cost after amortization	11,149,971	6,941,041
Accounts receivable	1,598,331	1,945,038
Refundable deposits	699,087	627,855
Subtotal	24,289,295	21,268,575
Total	$32,389,228	$31,480,104
Financial liabilities		
Financial liabilities measured at amortized cost:		
Accounts Payables	$249,174	$-
Lease liabilitie		
Subtotal	2,691,211	2,894,222
Financial liabilities measured at fair value through profit or loss:	33,836	34,924
Measured at fair value through income under compulsion	2,725,047	2,929,146
Total	$2,974,221	$2,929,146

10. Financial Risk Management Objectives and Policies

Financial instruments other than derivatives held by the Company mainly include: cash and cash equivalents, and various investments. Such financial instruments are used to adjust the flow of operating funds. The Company also holds other financial assets and liabilities, such as notes receivable, premiums receivable, claims and benefits payable, due from (to) reinsurers & ceding

companies, refundable deposits, resulted from business operations.

The Company also engages in derivatives trading, mainly on forward exchange agreements, to avoid exchange rate risks out of investment activities. The Company's policy is NOT to engage in derivative transactions for trading purposes.

The main risks of the Company's financial instruments are market risks, credit risks and liquidity risks. The risk management policy approved by the Board of Directors is as follows:

(1) Market risk

A. Exchange rate risk

The Company is exposed to the risk of fluctuated exchange rates between the U.S. dollar and the New Taiwan dollar due to holding foreign currencies from trust investments. Since the amounts of such investment positions are significant, forward exchange agreements are carried out to hedge this part of investment activities.

The Company is also exposed to the exchange rate risk arising from reinsurance of business operations denominated in non-functional currencies. However, this type of transactions usually has a short cash collection period with less significant exchange rate fluctuation, and therefore transactions as such are usually not hedged.

The conditions for the hedging tools and for the hedged items are the same based on the Company's self-assessment, so as to maximize the hedging efficacy.

B. Interest rate risk

The interest rate risk is a result from fluctuated fair value of financial instruments or fluctuated cash flows in the future due to changes in market interest rates, and the floating interest rate assets held by the company as well as the floating interest rate debts undertaken by the company may lead risks arising from fluctuated cash flows in the future due to the changes in the market interest rates; however, the Company's financial instruments are all capital-guaranteed, and therefore the impact is not significant.

C. Equity price risk

The company holds domestic and foreign listed and unlisted equity securities, whose prices will be affected by the uncertainty of the future value of their invested targets. These listed and unlisted equity securities held by the Company are included in the fair value measurement through profit or loss and the fair value measurement through other comprehensive profit or loss. Investment portfolios are used to set investment limits on single and overall equity securities to manage the price risks.

(2) Credit risk

A. Credit risk management policy

The company only deals with third parties that have been recognized as having good credit and, as the corporate policy requires, a credit transaction must go through a credit confirmation procedure before being carried out, and the recovery of premiums and bills receivable are continuously surveyed and evaluated and, as a result, the Company has maintained a good status from bad debts. If the counterparty shows credibility issues, however, relevant contracts will be suspended and the related rights and obligations will not be exercised until it gets back to the transaction status.

The credit risks to which the Company's financial transactions are exposed include issuer credit risk, counterparty credit risk and underlying asset credit risk:

a. The issuer credit risk refers to the risk of financial losses incurred by the Company due to the holding of financial debt instruments or deposits in banks for which payments or compensation obligations are not performed because of default, bankruptcy or liquidation of the issuer, guarantor or bank, in accordance with the agreed terms.
b. The counterparty credit risk refers to the risk of financial losses incurred by the Company due to the transactions of financial instruments, with which the counterparty fails to perform the delivery or payment obligations on the agreed date.
c. The underlying asset credit risk refers to the risk of losses due to the weakened credit quality, increased credit discounts, downgraded credit ratings, or breach of contract concerning the underlying asset linked to financial instruments.

The IFRS 9 is taken to assess expected credit losses, and except for receivables, for which allowance for loss is measured by the lifetime expected credit loss, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The method and indicators used to assess the impairment of the debt instrument investments are described as follows:

			Loss rates	
Credit risk ratings	Indicators	Expected credit loss measurement method	2022.12.31	2021.12.31
Low credit risk	Credit rating above Baa3	12-month expected credit loss	0.0104%~ 0.0714%	0.0252%~ 0.1969%
Credit risk increased significantly	Credit rating below Ba1	Lifetime expected credit loss	0.7700%~ 3.2083%	7.0157%~ 10.8262%

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) are written off.

The debt instruments with increased credit risks are promptly disposed to reduce credit losses. To assess the expected credit losses based on IFRS 9, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the lose rate is adjusted if the information shows significant impact on the credit losses.

B. Judgment that the credit risk has increased significantly since initial recognition

a. The financial instruments are assessed for impairment based on IFRS 9 on every reporting date, to judge whether the credit risk has significantly increased since the initial recognition. This assessment considers reasonable and supportive information (including forward-looking one) that shows a significant increase in the credit risk since the initial recognition, and the main indicators include external credit ratings, credit spreads, and other market information related to the borrowers or issuers showing a significant increase of the credit risk.

b. Low credit risk: If a financial instrument is judged as having low credit risk on the reporting date, it can be assumed that the credit risk of the financial instrument has not significantly increased since initial recognition.

C. Defaulted and credit impaired financial assets

The default of a financial asset is defined the same as with its credit impairment, and one or more of the following conditions are met, the financial asset is judged as defaulted and credit impaired:

a. Quantitative indicator: When the contract payment is overdue for more than 90 days, the financial asset is judged as defaulted and credit impaired.
b. Qualitative indicator: When evidence shows that the issuer or borrower is unable to fulfill the contract payment, or that the issuer or borrower has major financial difficulties, such as:

(A) The issuer or borrower is bankrupt or may apply for bankruptcy or financial restructuring; or
(B) Failure to pay the principal or interest in accordance with the agreed terms; or
(C) The borrower's collateral is under provisional attachment or compulsory collection; or
(D) The borrower applies for changing the credit terms due to financial difficulties.

c. The above definitions of default and credit impairment apply to all financial assets held by the Company, and are consistent with the definitions used for financial assets at stake for internal credit risk management, and are also used in the relevant impairment assessment models.

D. Measurement of expected credit losses

a. The approach and assumption

The allowance for loss of the financial instruments with no significant increase of credit risks since initial recognition is measured by the 12-month expected credit loss; the allowance for loss of the financial instruments with significant increase of credit risk or credit impairment since initial recognition is measured by the lifetime expected credit loss.

To measure the expected credit loss, the probability of default (PD) in the next 12 months and in the lifetime of the financial instruments are considered, with the loss given default (LGD) accommodated, multiplied by the exposure at default (EAD), along with additional consideration on the influence of the time value of money, and then the expected credit loss is calculated for the 12 months and for the lifetime duration, respectively.

The PD is the probability that the issuer, guarantee agency or borrower will default, and the LGD is the loss ratio caused by the issuer, guarantee agency or borrower when the default occurs. The LGD used for the impairment assessment is based on the information regularly published by Moody's, an international credit rating agency; the PD is based on the information regularly published by the Taiwan Ratings and Moody's, taking into account historical data adjusted based on currently observable data and general economic information (such as GDP and economic growth rate). The EAD is measured at the amortized cost and interests receivable of financial assets.

b. Consideration of forward-looking information

The forward-looking information is taken into consideration when the expected credit loss of financial assets is measured.

E.Analysis of risk concentration

a. The following table shows the geographical distribution of the credit risk exposure of the financial assets:

December 31, 2022

Financial assets	Taiwan	Australia	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	10,841,906	-	-	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	294,382	-	294,382
Financial assets measured at amortized cost (Note 2)	7,609,652	-	,246,653	819,488	11,675,793
Total	18,502,695	-	3,541,035	819,488	22,863,218
Regional proportion to overall	81%	-	15%	4%	100%

December 31, 2021

Financial assets	Taiwan	Australia	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	11,754,641	-	-	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	386,930	-	386,930
Financial assets measured at amortized cost (Note 2)	3,480,320	302,328	2,661,147	1,026,701	7,470,496
Total	15,286,098	302,328	3,048,077	1,026,701	19,663,204
Regional proportion to overall	78%	2%	15%	5%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits

b. The following table shows the industrial distribution of the credit risk exposure of the financial assets:

December 31, 2022

Financial assets	Finance	Manufacture	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	10,841,906	-	-	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	-	294,382	294,382
Financial assets measured at amortized cost (Note 2)	5,457,742		2,045,258	4,172,793	11,675,793
Total	16,350,785	-	2,045,258	4,467,175	22,863,218
Industrial proportion to overall	72%	-	9%	19 %	100%

December 31, 2021

Financial assets	Finance	Manufacture	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	11,754,641	-	-	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	-	412,150	412,150
Financial assets measured at amortized cost (Note 2)	2,887,357	192,473	929,451	3,461,215	7,470,496
Total	14,693,135	192,473	929,451	3,848,145	19,663,204
Industrial proportion to overall	75%	1%	5%	19%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits

F. Analysis of credit risk quality

The following table shows the credit quality classification of the financial assets:

December 31, 2022

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	10,841,906	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	51,137
Financial assets at fair value through other comprehensive profit or loss	294,382	-	294,382
Financial assets measured at amortized cost (Note 2)	11,675,793	-	11,675,793
Total	22,863,218	-	22,863,218

December 31, 2021

Financial assets			Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	11,754,641	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	51,137
Financial assets at fair value through other comprehensive profit or loss	386,930	-	386,930
Financial assets measured at amortized cost (Note 2)	7,470,496	-	7,470,496
Total	19,663,204	-	19,663,204

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits
Note 3: Investment grade refers to credit rating above BBB- and non-investment grade refers to BBB- or lower.

G. Maximum total book value of credit risk exposure and credit quality classification

	2022.12.31				
	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss	Purchased or credit-impaired (POCI) financial assets	Total book value
Financial assets based on cost after amortization	$11,540,949	$150,822	$-	$-	$11,691,771
Debt instruments measured at fair value through other comprehensive profit or loss	377,440	-	-	-	377,440

	2021.12.31				
	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss	12-month expected credit loss	Lifetime expected credit loss
Financial assets based on cost after amortization	$7,877,435	$150,822	$-	$-	$8,028,257
Debt instruments measured at fair value through other comprehensive profit or loss	378,834	-	-	-	378,834

Note: Including security deposits and interests receivable of financial assets

H. Reconciliation of allowance for loss from beginning balance to ending balance

	12-month expected credit loss		Lifetime expected credit loss
	Measured at fair value through other comprehensive profit or loss	Measured on the basis of cost after amortization	Measured on the basis of cost after amortization
2022.1.1	$225	$3,637	$6,136
Derecognition of financial assets	-	(128)	-
Originated or purchased financial assets	-	1,443	-
Change of model/risk parameters	(48)	(1,025)	(2,171)
2022.12.31	$177	$3,927	$3,965
2021.1.1	$508	$6,673	$3,206
Derecognition of financial assets	-	(29)	-
Originated or purchased financial assets	-	408	5,349
Change of model/risk parameters	(283)	(3,415)	(2,419)
2021.12.31	$225	$3,637	$6,136

(3) Operational risk

The purpose is to avoid potential losses out of improper internal control, fraud, corruption, and negligence. The Company has established separate operating procedures and computer systems with the frontend and backend platforms and middleware according to the business features to effectively manage operational risks by way of strict internal control and auditing as well as external reviews and statutory compliance. The company has also formulated and implemented the “Operational Risk Management Mechanism” for risk assessment by each department; also, the “Guidelines for Risk Early Warning and Reporting” is set up to establish a loss experience database.

(4) Liquidity risk

A. Definition and source of liquidity risk

The liquidity risk of financial instruments can be divided as "fund liquidity risk" and "market liquidity risk." The "fund liquidity risk" refers to the risk that necessary and sufficient funds are not available within a reasonable time and at a reasonable cost, resulting in a funding gap; the "market liquidity risk" refers to the losses incurred due to assets sold below the market price in order to acquire necessary funds.

B. Liquidity risk management

Based on the business features, the short-term cash flows are regularly assessed and monitored under a sound liquidity risk management mechanism, where the market transaction volumes and proportionality of fund positions are considered for prudent control of the market liquidity risk; also, contingency plans are drawn up to deal with major liquidity risks out of abnormal and emergent fund demands.

Stress testing analysis is to test changes in funding liquidity under various combinations of extremely abnormal and unfavorable situations to ensure safe funding liquidity. The stress scenarios assumed include major market fluctuations, occurrences of various credit events, and unexpected tightening of financial market liquidity that may generate liquidity pressures, and the test is to measure the changes in positive and negative funding gaps of the overall corporate fund supply and demand in various periods without affecting normal business operations. Aimed at the funding gaps resulted from the stress testing scenarios, contingency plans have been set up to deal with such major liquidity risks out of the assumed abnormal and emergent demands on funds.

(5) Market risk analysis

Market risk refers to the risk of reduced benefits or investment portfolio values due to changes in the market factors such as exchange rates, commodity prices, interest rates, credit spreads, and stock prices.

The market risk management tools such as Value at Risk (VaR) and stress testing are constantly used to comprehensively and effectively measure, monitor and manage the market risks.

A. Value at risk (VaR)

The VaR is used to measure the maximum potential loss incurred by investment portfolios due to changes in market risk factors during a specific period and under a certain confidence level. The Company currently take a confidence level of 99% to calculate VaR for the next two weeks.

The VaR of relevant asset positions is shown in the following table:

December 31, 2022

	Equity	Bond	Domestic assets	Foreign assets	Total VaR
Component VaR	$605,076	$26,370	$606,077	$30,830	$605,620

December 31, 2021

	Equity	Bond	Domestic assets	Foreign assets	Total VaR
Component VaR	$515,535	$24,311	$516,167	$27,449	$511,950

B. Stress testing

With the VaR model, regular stress testing is given to measure potential market risks when extremely abnormal events occur. The stress testing measures the potential impact on the value of the investment portfolio from extreme changes in a series of financial variables.

Currently a simple sensitivity analysis and a scenario simulation are regularly given to carry out the stress test on the financial positions, and the test covers loss of position caused by the change of risk factors in various historical scenarios:

a. Simple sensitivity analysis

The simple sensitivity analysis measures the changed value of the investment portfolio caused by changes in specific risk factors.

b. Scenario Analysis

The scenario analysis measures the changed total value of investment positions that occurs under hypothetical events, and the scenarios include:

i. Historical scenarios:

A period of historical events is selected, and the fluctuated risk factors in the period are added to the current investment portfolio to calculate the loss out of the historical events.

ii. Hypothetical scenarios:

With a reasonably expected hypothesis that could lead to extreme market changes in the future, its changed risk factors are added to the current investment portfolio to measure the loss out of the hypothetical events.

The Investment Department regularly carries out the stress test under hypothetical scenarios and send the resulted reports to the Risk Management Department for the corporate risk analysis, risk warning and business management.

December 31, 2022

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	$(523,208)
Interest rate risk (yield rate curve)	+100bp	(58,445)
Exchange rate risk (exchange rate)	-5%	(13,853)

December 31, 2021

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	$(652,502)
Interest rate risk (yield rate curve)	+100bp	(76,772)
Exchange rate risk (exchange rate)	-5%	(29,565)

11. Fair value information of financial instruments

(1) The methods and assumptions used to measure fair values are as follows:

A. The fair values of cash and cash equivalents, receivables and payables are estimated based on their book values on the balance sheet, because such items will become mature shortly and thus their book values are a reasonable basis for measuring the fair values.
B. The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets are determined by reference to market quotes (including beneficiary certificates, listed stocks and bonds).
C. The fair values of derivatives are based on public quotes. When public quotes are not available, the fair values of non-option derivatives are calculated with the applicable lifetime yield curve by discounted cash flow analysis, while the fair values of option derivatives are calculated by the option pricing model.
D. The fair values of other financial assets and financial liabilities are determined based on the discounted cash flow analysis, where the assumptions such as interest rates and discount rates are mainly based on the information of similar instruments and applicable lifetime yield curves.

(2) Fair value by amortized cost

Except for those listed in the following table, the book values of financial assets and financial liabilities measured by amortized cost approximate their fair values:

	Book value	
	2022.12.31	2021.12.31
Financial assets		
Financial assets based on cost after amortization	$11,149,971	$6,941,041
Refundable deposits – by government bonds	525,822	529,455

	Fair value	
	2022.12.31	2021.12.31
Financial assets		
Financial assets based on cost after amortization	$10,381,659	$7,531,580
Refundable deposits – by government bonds	511,395	536,134

(3) Fair value recognized on balance sheet

The following table provides the analysis of financial instruments measured at fair value after initial recognition, by dividing the fair values into the following three levels:

Level 1: Public quotes (unadjusted) of the same assets or liabilities in the active market.

Level 2: Except for the Level 1 public quotes, the fair value is derived from the direct observable input values (i.e. prices) and indirect ones (i.e. derivatives from prices) of the assets or liabilities.

Level 3: The fair value is derived with the appraisal technology that is not based on input values of the assets or liabilities from the observable market data.

Financial instruments measured at fair value	2022.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit and loss				
Stock	$4,065,693	$3,722,505	$-	$343,188
Bonds	51,137	-	-	51,137
Fund	2,630,099	2,630,099	-	-
Swap and forward exchange contracts	232	-	232	-
Financial assets at fair value through other comprehensive profit or loss				
Stock	1,058,390	818,173	-	240,217
Bonds	294,382	294,382	-	-

Financial instruments measured at fair value	2021.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit and loss				
Stock	$6,255,516	$5,930,553	$-	$324,963
Bonds	51,137	-	-	51,137
Fund	2,468,560	2,468,560	-	-
Swap and forward exchange contracts	47,972	-	47,972	-
Financial assets at fair value through other comprehensive profit or loss				
Stock	1,001,414	730,767	-	270,647
Bonds	386,930	386,930	-	-

The assets and liabilities measured at repetitive fair value in 2022 and 2021 had no transfer between the Level 1 and Level 2 fair values

(4) Details of changes in the Level 3 repetitive fair value

From the beginning to the end of the period, the adjusted balances of the Level 3 assets and liabilities measured at repetitive fair value are as follows:

	Assets		
	Measured at fair value through profit or loss Measurement at fair value	Measured at fair value through other comprehensive profit or loss	Total
2022.1.1	$376,100	$270,647	$646,747
Recognized total profits (losses) in 2021:			
Recognized as other comprehensive profit or loss (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss")	-	(14,035)	(14,035)
Recognized as other comprehensive profit or loss (under "Other comprehensive profit or loss reclassified with overlay approach")	18,225	-	18,225
disposal/settlement	-	(16,395)	(16,395)
2022.12.31	$394,325	$240,217	$634,542

	Assets		
	Measured at fair value through profit or loss Measurement at fair value	Measured at fair value through other comprehensive profit or loss	Total
2021.1.1	$418,030	$292,104	$710,134
Recognized total profits (losses) in 2021:			
Recognized as gains and losses (under "Profit or loss on Financial Assets and Liabilities Measured at Fair Value through profit or loss")	56	-	56
Recognized as other comprehensive profit or loss (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss")	-	(20,626)	(20,626)
Recognized as other comprehensive profit or loss (under "Other comprehensive profit or loss reclassified with overlay approach")	(3,946)	-	(3,946)
disposal/settlement	(38,040)	(42,083)	(80,123)
2021.12.31	$376,100	$270,647	$646,747

Among the above recognized total profits (losses), those related to the assets held as of December 31, 2022 and 2021, respectively, are as follows:

	2022	2021
Total profits (losses)		
Recognized in the profit or loss	$-	$56
Recognized in the other comprehensive profit of loss	2,274	13,368

(5) The significant unobservable input values of the Level 3 fair value

The significant unobservable input values for measuring assets at Level 3 repetitive fair value are listed in the following table:

December 31, 2022

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit and loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Bonds		Note		
Financial assets at fair value through other comprehensive profit or loss				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

December 31, 2021

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit and loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Fund	Asset approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate
Bonds		Note		
Financial assets at fair value through other comprehensive profit or loss				
Financial assets:	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

(6) Measurement not at fair value with required disclosure of fair value level

	2022.12.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets based on cost after amortization	$10,381,659	$8,643,892	$-	$1,737,767
Refundable deposits – by government bonds	511,395	511,395	-	-
Investment property (see Note VI.8)	3,100,351	-	-	3,100,351

	2021.12.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets based on cost after amortization	$7,531,580	$5,794,431	$-	$1,737,149
Refundable deposits – by government bonds	536,134	536,134	-	-
Investment property (see Note VI.8)	2,538,436	-	-	2,538,436

(VIII.) Related Party Transactions

The transaction related parties in the Company's financial reporting period are:

(1) Name and Affiliation of the Parties:

Name	Affiliation
Taiwan Cement Corporation	Other related parities
Taiwan Shin Kong Security Co., Ltd.	Other related parities
Taiwan Security Co., Ltd.	Other related parities
Waibel Enterprise Inc.	Other related parities
Shin Kong Life Insurance Co., Ltd.	Other related parities
Shin Kong Mitsukoshi Department Store CO., LTD.	Other related parities
Shin Kong Synthetic Fibers Corporation	Other related parities
Shin Kong Textile Co., Ltd.	Other related parities
Shin-Po Express Co., Ltd.	Other related parities
The Ambassador Hotel Co., Ltd.	Other related parities
Shin-Kong Life Real Estate Service Co.,Ltd	Other related parities
Great Taipei Broadband Co.,Ltd	Other related parities
Others	Major transactions of directors, key management personnel and their spouses and second degree relatives with related parties:

(2) Major Transactions with Related Parties:

1. Premium Revenues

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$144,665	0.65%	$150,487	0.69%

2. Claims and Benefits

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$11,965	0.11%	$10,230	0.10%

3. Operating Expenses

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$24,986	0.66%	$23,777	0.65%

4. Lease

Property Investment Gains and Losses – Rental Income

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$300	0.36%	$1,243	1.54%

Advance Rent

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$1	0.00%	$297	0.15%

Right-of-Use Assets

	2022.12.31		2021.12.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Shin Kong Life Insurance	$8,871	26.72%	$7,263	21.12%

Lease liabilitie

	2022.12.31		2021.12.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item

Shin Kong Life Insurance	$8,977	26.53%	$7,407	21.21%

Interest expenses

	2022		2021	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$118	0.13%	$123	0.10%

The lease periods and rent collections are stipulated in the contracts. The general lease term is 1 to 5 years, mainly with monthly collection of rents.

5. Remunerations of key management staff:

	2022	2021
Short-term employee benefits	$149,975	$124,145
Retirement benefits	61,458	86,150
Total	$211,433	$210,295

(IX.) Pledged Assets

As of December 31, 2022 and December 31, 2021 respectively, the details of pledged and guarantee assets are as follows:

Item	2022.12.31	2021.12.31
Government bonds – insurance deposits	$525,822	$529,455
Time deposit – performance bond	86,872	28,436

(X.) Major Contingent Liabilities and Unrecognized Contractual Commitments：No such items

(XI.) Major Events after the Reporting Period：No such items

(XII.) Major Disaster Losses：No such items

(XIII.) Proceeding or Termination of Major Litigation Cases：No such items

(XIV.) Execution, Completion, Cancellation or Invalidation of Major Contracts：No such items

(XV.) Employee Pension Information： See Note VI.13.

(XVI.) Discontinued Operations Information：No such items

(XVII.) Receiving from or transferring to other insurance companies the main part of the business, assets and liabilities：No such items

(XVIII.) Allocation of profits and losses from incomes, costs and expenses due to business transactions, collaborative promotions, information exchange, and shared business equipment or premises made with Shin Kong Financial Holdings and its subsidiaries. ：No such items

(XIX.) Fund Entrusted Operations

The funds were fully entrusted to the securities investment trust companies for operations, and the details as of December 31, 2022 and 2021, respectively, are as follows:

Item	2022.12.31	2021.12.31
Cash and cash equivalents	$97,618	$515,847
TWSE (Taiwan Stock Exchange) listed/OTC stocks	108,763	1,432,294
Total	$206,381	$1,984,141
Discretionary contract limit:		
New Taiwan Dollars (NTD)	$200,000	$1,050,000
RMB	$120,000	$120,000

(XX.) Private Equity Information

No such items

(XXI.) Major Organizational Restructuring and Management System Reforms

No such items

(XXII.) Major Impact due to Changes in Laws and Regulations

No such items

(XXIII.) Others

1. The total amount of assets and liabilities that are expected to be recovered or paid within 12 months after the balance sheet date, and the total amount to be recovered or paid over the 12-month period

	2022.12.31		
Item	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	Total
Cash and cash equivalents	$10,852,136	$-	$10,852,136
Accounts receivable	1,598,331	-	1,598,331
Investment	6,747,161	15,064,449	21,811,610
Reinsurance contract assets (net)	-	7,530,740	7,530,740
Property and equipment (net)	-	1,146,939	1,146,939
Right-of-use assets.	-	33,204	33,204
Intangible assets	-	22,846	22,846
Deferred income tax assets	-	212,032	212,032
Other assets	143,186	653,662	796,848
Total Assets			$44,004,686
Accounts Payables	$2,691,211	$-	$2,691,211
Current income tax liabilities	168,798	-	168,798
Financial liabilities	249,174	-	249,174
Lease liabilitie	15,932	17,904	33,836
Insurance liability	-	25,503,894	25,503,894
Reserve for liabilities	-	47,837	47,837
Deferred tax liabilities	-	36,699	36,699
Others	232,617	10,665	243,282
Total Liabilityies			$28,974,731

	2021.12.31		
Item	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	Total
Cash and cash equivalents	$11,766,660	$-	$11,766,660
Accounts receivable	1,945,038	-	1,945,038
Investment	9,175,468	10,385,559	19,561,027
Reinsurance contract assets (net)	-	8,246,645	8,246,645
Property and equipment (net)	-	1,308,644	1,308,644
Right-of-use assets.	-	34,393	34,393
Intangible assets	-	27,455	27,455
Deferred income tax assets	-	262,673	262,673
Other assets	42,955	689,990	732,945
Total Assets			$43,885,480

	2021.12.31		
	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	Total
Accounts Payables	$2,894,222	$-	$2,894,222
Current income tax liabilities	275,164	-	275,164
Lease liabilitie	14,634	20,290	34,924
Insurance liability	-	25,067,097	25,067,097
Reserve for liabilities	-	119,280	119,280
Deferred tax liabilities	-	34,389	34,389
Others	169,897	33,275	203,172
Total Liabilities			$28,628,248

2. Derivative instruments

As of December 31, 2022 and December 31, 2021, respectively, the derivatives not conformable to the hedge accounting and not expired yet are as follows:

SWAP and forward exchange contracts

December 31, 2022

Financial products	Contract amounts (Nominal principal)	Fair value (NTD)	Transaction date/Expiration date	Agreed exchange rate (NTD)
Forward exchange contracts pre-sale	USD 7,000	$(19,826)	2021.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD 7,000	(19,826)	2021.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD 4,000	(9,529)	2021.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD 4,000	(9,529)	2021.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD 8,000	(23,798)	2021.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD 10,000	(29,748)	2021.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD 8,000	(496)	2022.12.12/2023.01.17	30.614
Forward exchange contracts pre-sale	USD 2,000	(230)	2022.12.14/2023.01.17	30.561
Forward exchange contracts pre-sale	USD 4,000	(138)	2022.12.28/2023.03.31	30.404
Forward exchange contracts pre-sale	USD 10,000	(147)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 10,000	(2,059)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 2,000	(412)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 4,000	(9,567)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 6,000	(14,350)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 5,000	(11,959)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 9,000	(21,283)	2021.09.13/2023.09.15	27.498
Forward exchange contracts pre-sale	USD 1,000	29	2022.12.01/2023.01.05	30.734
Forward exchange contracts pre-sale	USD 7,000	203	2022.12.01/2023.01.05	30.734
Forward exchange contracts pre-sale	USD 8,000	(327)	2022.12.13/2023.01.17	30.628
Forward exchange contracts pre-sale	USD 10,000	(2,059)	2022.12.15/2023.01.19	30.457

Forward exchange contracts pre-sale	USD 6,000	(1,236)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 2,000	(29)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 10,000	(147)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 7,000	(21,330)	2022.01.26/2023.01.31	27.578
Forward exchange contracts pre-sale	USD 10,000	(30,472)	2022.01.26/2023.01.31	27.578
Forward exchange contracts pre-sale	USD 9,000	(20,677)	2021.10.20/2023.10.23	27.440

December 31, 2021

Financial products	Contract amounts (Nominal principal)	Fair value (NTD)	Transaction date/Expiration date	Agreed exchange rate (NTD)
Forward exchange contracts pre-sale	USD7,000	$1,053	2022.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD7,000	1,053	2022.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD10,000	4,355	2022.01.27/2022.01.28	28.127
Forward exchange contracts pre-sale	USD1,000	291	2022.08.02/2022.08.04	27.95
Forward exchange contracts pre-sale	USD4,000	843	2022.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD4,000	843	2022.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD2,000	417	2022.10.25/2022.10.27	27.827
Forward exchange contracts pre-sale	USD8,000	882	2022.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD10,000	1,102	2022.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD2,000	290	2022.11.12/2022.11.16	27.751
Forward exchange contracts pre-sale	USD8,000	555	2022.12.10/2022.12.14	27.656
Forward exchange contracts pre-sale	USD10,000	7,605	2022.03.24/2022.03.28	28.451
Forward exchange contracts pre-sale	USD10,000	6,925	2022.04.13/2022.04.15	28.381
Forward exchange contracts pre-sale	USD5,000	3,462	2022.04.13/2022.04.15	28.381
Forward exchange contracts pre-sale	USD4,000	1,219	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD6,000	1,829	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD5,000	1,524	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD9,000	2,453	2022.09.13/2023.09.15	27.498
Forward exchange contracts pre-sale	USD1,000	188	2022.10.21/2023.10.25	27.359
Forward exchange contracts pre-sale	USD10,000	1,689	2022.10.22/2022.10.26	27.786
Forward exchange contracts pre-sale	USD7,000	2,314	2022.04.26/2022.01.28	28.022
Forward exchange contracts pre-sale	USD7,000	830	2022.04.29/2022.05.04	27.804
Forward exchange contracts pre-sale	USD5,000	1,935	2022.07.28/2022.07.29	28.049
Forward exchange contracts pre-sale	USD10,000	1,269	2022.11.15/2022.11.17	27.732
Forward exchange contracts pre-sale	USD6,000	761	2022.11.15/2022.11.17	27.732
Forward exchange contracts pre-sale	USD9,000	2,285	2022.10.20/2023.10.23	27.44

3. The financial assets and liabilities in foreign currencies with major impacts as of December 31, 2022 and 2021, respectively, are as follows:

	December 31, 2022		
	Foreign currencies (in dollar)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$172,227,875	30.660	$5,280,507

	December 31, 2021		
	Foreign currencies (in dollar)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$167,400,718	27.630	$4,625,282
CNY	71,113,296	4.319	307,138

With a wide variety of functional currencies, it is impossible to disclose the currency exchange gains and losses of monetary and non-monetary financial assets and financial liabilities based on currencies with major impacts. The foreign currency exchange profit (losses) in 2022 and 2021 were NT$552,704 thousand and NT$(138,099) thousand, respectively.

4. Capital management policy

In view that insurance companies are not allowed to raise debts, the Company constantly reviews the changes and trends of the capital adequacy ratio (RBC) under the philosophy of stability, and monitors the capital demand for business growth, and at the same time implements a long-term stable dividend policy to maintain the appropriateness of capital management.

5. As of December 31, 2022 and 2022, the net worth ratios from equity divided by total assets excluding investment-linked insurance accounts were 34.16% and 34.77%, respectively.

6. Operations information

The Company operates a property insurance business in accordance with the Insurance Law. Based on IFRS 8, the Company only provides insurance contract products, with no different channels, customer types and supervision environments, and the decision making is based on overall allocation of the corporate resources and, as a result, the Company is a single operating department as a whole.

(XXIV.) Property Insurance Information

No.	Item	Attachment
1	Retained gross premiums earned for compulsory and non-compulsory insurances	Attached Table 1
2	Retained claims for compulsory and non-compulsory insurances	Attached Table 2
3	Assets and liabilities of compulsory automobile liability insurances	Attached Table 3
4	Reserve for unqualified reinsurances	Attached Table 4
5	Loans for the turnover of huge insurance payments	None

(XXV.) Note Disclosure

1. Major transactions:

(1) The property acquisition that amounts to NT$100 million or more than 20% of the paid-in capital: no such transactions.

(2) The property disposal that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(3) The transaction of core business items engaged with related parties that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(4) The receivable from a related party that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(5) Derivative transactions: See Note (XXIII.) 2.

(6) Others: For business relationship and major transactions between parent and subsidiary companies, and for different accounting policies adopted by the parent company and subsidiary companies, the accounting policies should be disclosed and the amounts should be separately disclosed on the financial statements: not applicable.

2. Reinvestment business: no such transactions

3. Investment and business in Mainland China: no such transactions

4. Key shareholders:

Unit: Share

Shares / Name of Major Shareholder	Quantity	Ratio of Shareholding
Shin Kong Textile Co., Ltd.	51,539,530	16.31%
Shin Kong Life Insurance Co., Ltd.	22,119,000	7.00%
Shin Kong Co., Ltd.	16,061,515	5.08%

Note:

(1) The information shown in this table is the shareholders holding ordinary and special shares (treasury shares included) with over 5% delivered by book-entry transfers, as calculated by the Taiwan Depository and Clearing Corporation on the last business day of each quarter. The share capital reported and the actual number of shares delivered by book-entry transfers may have discrepancy due to different calculation bases.

(2) Among the above shares, the entrusted ones are disclosed separately by individual trust accounts opened by the trustees for the principals. As for the shareholder's declaration of insider's over 10% shareholding in conformity with the Securities and Exchange Act, the shareholding includes the person's self-held shares plus the entrusted ones which the person has right to exercise. For more information on insider's shareholding declaration, please visit the website of Public Information Observatory.

5. The global COVID-19 pandemic has made no significant impact on the Company's business continuity, asset impairment, and financing risks.

(XXVI.) Reserve for Unqualified Reinsurance

According to Article 7 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms," the reserve for unqualified ceded reinsurance is provided as detailed in Attached Table 4.

According to Paragraph 5 of "Guidelines on Reserve for Unqualified Reinsurance," the transactions of unqualified ceded reinsurance disclosed as attachment on the financial statements are explained as:

1. Abstracts and types of unqualified reinsurance contracts:

December 31, 2022

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Accident insurance, Inland transportation insurance, cargo transportation insurance insurance,
Asia Capital Reinsurance Group Pte Ltd	One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, marine hull insurance, fishing boat insurance, engineering insurance, commercial earthquake insurance, typhoon & flood insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance
S-Square Insurance Company, Inc.	One-year commercial fire insurance, commercial earthquake insurance, typhoon & flood insurance

December 31, 2021

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Accident insurance, One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, commercial earthquake insurance, typhoon & flood insurance
Asia Capital Reinsurance Group Pte Ltd	One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, marine hull insurance, fishing boat insurance, engineering insurance, commercial earthquake insurance, typhoon & flood insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance

2. Unqualified reinsurance premium expenses:

The unqualified reinsurance premiums expenses in 2022 and 2021 were NT$17,080 thousand and NT$ 0 thousand, respectively.

3. A summary on the principles of providing the reserve for unqualified reinsurance and its constituent items:

	December 31, 2022	December 31, 2021
Ceded unearned premium reserve	$8,540	$-
Settled claims recoverable from reinsurers within 9 months of overdue payment	40	4,138
Reserve for RBNS ceded claims	660	1,230
Total reserve for unqualified reinsurance	$9,240	$5,368

V. Individual financial statements audited and certified by CPAs in the most recent year: Not applicable.

VI. If the Commpany and its affiliates have financial difficulties inf the most recent year and up to the printing date of the financial report, effects on the financial position of the Company shall be specified: Not applicable.

Seven. Review and Analysis of Financial Performance and Results of Operations, and Matters of Risk

I. Financial status

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Cash and cash equivalents	10,852,136	11,766,660	(914,524)	(7.77)
Accounts receivable	1,598,331	1,945,038	(346,707)	(17.83)
Financial assets and lending	21,811,610	19,561,027	2,250,583	11.51
Reinsurance contract assets	7,530,740	8,246,645	(715,905)	(8.68)
Property and equipment	1,146,939	1,308,644	(161,705)	(12.36)
Right-of-use assets.	33,204	34,393	(1,189)	(3.46)
Intangible assets	22,846	27,455	(4,609)	(16.79)
Other assets	1,008,880	995,618	13,262	1.33
Total assets	44,004,686	43,885,480	119,206	0.27
Accounts Payables	2,691,211	2,894,222	(203,011)	(7.01)
Various financial liabilities	249,174	-	249,174	100.00
Lease liabilities	33,836	34,924	(1,088)	(3.12)
Provisions for Insurance liabilities and insurance contracts with financial instruments	25,503,894	25,067,097	436,797	1.74
Provisions for liabilities	47,837	119,280	(71,443)	(59.90)
Other liabilities	448,779	512,725	(63,946)	(12.47)
Total liabilities	28,974,731	28,628,248	346,483	1.21
Capital stock	3,159,633	3,159,633	-	-
Capital reserves	64,800	64,800	-	-
Retained earnings	11,370,341	10,337,062	1,033,279	10.00
Other equity	435,181	1,695,737	(1,260,556)	(74.34)
Total equity	15,029,955	15,257,232	(227,277)	(1.49)

An analysis of those with changes in the percentage of increase or decrease of 20% or more and the amount of change of $10 million is as follows:

1. Financial liabilities: Primarily due to the valuation losses
2. Provisions for liabilities: Primarily due to the decrease in employee welfare liabilities.
3. Other equity: Primarily due to the increase in the unrealized valuation losses of financial assets.

II. Financial performance:

Unit: NT$ thousand

Item \ Year	2022	2021	Increase (decrease)	Change, by percentage
Operating revenues	18,930,606	18,464,057	466,549	2.53%
Operating costs	(12,705,404)	(12,140,278)	(565,126)	4.65%
Operating expenses	(3,764,558)	(3,659,019)	(105,539)	2.88%
Operating income	2,460,644	2,664,760	(204,116)	(7.66%)
Non-operating revenues and expenses	13,172	(9,777)	22,949	(234.72%)
Net profits before tax from continuing operations	2,473,816	2,654,983	(181,167)	(6.82%)
Income tax	(470,246)	(400,990)	(69,256)	17.27%
After-tax profits from continuing operations	2,003,570	2,253,993	(250,423)	(11.11%)

Analysis of those with changes in the percentage of increase or decrease of 10% or more is as follows:

1. Non-operating revenues and expenses: Primarily due to the recognition of impairment losses of non-financial assets during the period.
2. Income tax: Primarily due to the decrease in net investment gains or losses and the decrease in deferred income tax assets during the year.
3. Net profits before tax from continuing operations: Primarily due to the decrease in net investment gains or losses and the increase in income tax expenses.

III. Cash flow:

1. Analysis of changes in cash flows during the year

Unit: NT$ thousand

Opening cash balance (1)	Net cash flow from operating activities for the whole year (2)	Net cash inflow (outflow) from investment and financing activities (3)	Amount of cash balance (shortfall) (1)+(2)+(3)	Opening cash balance (1)	
				Investment plans	Wealth management plans
11,766,660	178,014	(1,092,538)	10,852,136	-	-

Description of analysis:

(1) Operating activities: The net cash inflows of NT$178,014 thousand were primarily due to the increase in the financial assets at amortized costs during the period.

(2) Investing and financing activities: The net cash outflows of NT$1,092,538 thousand were primarily due to the distribution of cash dividends during the year.

2. Remedies for estimated cash shortfall and liquidity analysis: None.

3. Cash liquidity analysis for the coming year:

Unit: NT$ thousand

Opening cash balance (1)	Estimated net cash flow from operating activities for the whole year (2)	Estimated net cash inflow (outflow) from investment and financing activities (3)	Estimated Amount of cash balance (shortfall) (1)+(2)+(3)	Remedies for estimated cash shortfall	
				Investment plans	Investment plans
10,852,136	1,800,000	(1,518,349)	11,133,787	None	None

Description of analysis:

(1) Operating activities: In 2023, in addition to the continued expansion of market scale, the Company actively and effectively utilizes its capital positions to generate investment benefits, and withdrawal of insurance reserves is stabilizing, so net cash from operating activities is expected to be an inflow.

(2) Investment and financing activities: We expect to maintain the prudent business pattern and the cash dis according to the projection, but the distribution is still subject to the resolution of the shareholders' me we expect a net cash outflow from investments and financing.

IV. Effect of major capital expenditures on finance and business matters in the most recent year: No effect.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year: None

VI. Risk matters should be analyzed and assessed for the most recent year and the current year up to the date of publication of the annual report as follows

1. The impact of the changes in the interest rate and exchange rate and inflation on the Company's profitability and future countermeasures

The impact of interest rate changes on the Company's profit or loss is recognized as amortized cost for most of the fixed-income assets that may be affected by interest rate fluctuations, therefore, when interest rates change, fixed-income assets held by the Company will not affect the current profit or loss, and new fixed-income assets purchased by the Company in the future will be recognized mainly at amortized cost. Therefore, the risk of changes in interest rates is relatively small and within the Company's control.

On exchange rate changes, for foreign currency-denominated investment assets, the Company uses currency swap contracts as a hedging instrument and sets foreign exchange risk limits for regular control, so the risk of exchange rate changes should be under control. In the future, the Company's new fixed-income assets denominated in foreign currencies are also required to be fully hedged in order to effectively control the risk of exchange rate fluctuations.

2. Policies on high-risk, highly-leverage investments, lending funds to others, endorsement and guarantee, and derivatives transactions, major reasons for gain or loss, and future countermeasures:

The capital utilization investments engaged by the Company are primarily domestic or foreign listed securities that we do not engage in high-leverage investment. We also established specifications for the "Currency Risks Management System" to organize operations related to finance. In addition, the Company prohibits loans to others and endorsement/guarantee provisions.

The Company's policy is to engage in derivative transactions mainly for hedging purposes to reduce the exchange rate risk arising from the Company's investment activities. The hedging instruments mainly include foreign exchange swaps and forward exchange contracts, etc. The Company's investment policy is not to engage in derivative transactions for trading purposes and to regularly control credit risk,

liquidity risk and operational risk.

3. Future research and development plans and estimated research and development expenses:

I. R&D plans for the most recent year

1. Data storage upgrade operation
2. CRM (customer management system)
3. Taiwan Insurance Institute insurance passbook platform system
4. B2B system login interface dual-factor authentication project
5. Establishment of the SMS questionnaire system project (claim settlement for automobile insurance) system platform
6. Establishment of the API platform regarding the insurance agent/broker channel for the online purchase of vaccination insurance
7. Establishment of the property insurance alliance blockchain system platform
8. Cooperation project with the channel online insurance purchase platform
9. Flight delay self-built system for the fast integration of claim settlements procedure
10. E-commerce online insurance application camping insurance project

II. Current progress of uncompleted R&D plans

1. Introduction of a sub-accounting system into the IFRS17 project (progress: 70%)
2. Introduction of an actuarial into the IFRS17 project (progress: 80%)
3. Channel automobile insurance quotation and online payment for renewal, and automatic write-off system of compulsory insurance (progress: 30%)
4. Group insurance coverage non-proportional premium system (progress: 5%)
5. Physical mail rejection processing operation (progress: 5%)
6. E-commerce member insurance application progress inquiry project (progress: 10%)
7. Active Directory service and Exchange system upgrade (progress: 10%)

III. R&D expenses to be further invested, and the expected completion schedule of mass production

Unit: NT$ thousand

Item	R&D expenses	Status	Expected completion time
Introduction of a sub-accounting system into the IFRS17 project	40,000	70%	December 2023
Introduction of an actuarial into the IFRS17 project	1,500	80%	December 2023
Channel automobile insurance quotation and online payment for renewal, and automatic write-off system of compulsory insurance	1,000	30%	June 2023
Group insurance coverage	1,000	5%	May 2023

Item	R&D expenses	Status	Expected completion time
non-proportional premium system			
Physical mail rejection processing operation	500	5%	September 2023
E-commerce member insurance application progress inquiry project	3,000	10%	June 2023
Active Directory service and Exchange system upgrade	1,000	10%	September 2023

4. The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures: None

5. Effects of changes in technologies (including cybersecurity risks) and industries on the financial operations of the Company and countermeasures:
   The development of new technologies and new applications are challenges and opportunities for industrial development. The Company will continue to invest in R&D resources, keep abreast of the development of the latest technological development trends, and develop new services and new products in due course to expand its businesses to cater to the trend of the era.
   In addition, cybersecurity has become a material issue of corporate operations. To strengthen the management of cybersecurity, internal requirements of the Company have specified our cybersecurity risk management structure, cybersecurity policies, and substantial management plans. In addition, the Company shall disclose losses due to material cybersecurity events and evaluation of possible effects.

6. The impact of corporate image change on corporate crisis management and countermeasures:
   The Company attaches great importance to employee welfare, and has been committed to social welfare, promoting various public welfare activities, and also continues to donate to professional charitable organizations, fulfilling corporate social responsibility, and has an excellent corporate image. In addition, we have established internal control and risk management policies to ensure the implementation of internal audit and control of operational risks and convene a response team to deal with unexpected incidents to reduce the impact. The Company also explains relevant matters on official websites such as the Company's official website, the Insurance Information Observation Post System and the Public Information Observation Post System to dispel public concerns and publishes press releases in the fair media to achieve open and transparent information in addition to correcting public opinion.

7. Expected benefits and possible risks of mergers and acquisitions and countermeasures: No such matters.

8. Expected benefits and possible risks of plant expansion and countermeasures: No such matters.

9. Risks of concentrations of purchases or sales and countermeasures: No such matters.

10. The impact on the Company and risks of the massive transfer or change of shares by Directors, supervisors or major shareholders with a 10% stake or more and countermeasures:
    There has been no recent significant transfer or change in shareholding of directors, supervisors or major shareholders holding more than 10% of the shares, and therefore there is no impact or risk to the Company.

11. The impact on the Company and risks of change in management rights and countermeasures:

There has been no recent change in management rights, and therefore, there is no impact or risk to the Company.

12. For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any Director, supervisor, President, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliates. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: No such matters.

13. Other major risks and countermeasures: No such matters.

VII. Other important matters: The structure, organization and authority of risk management of the Company

The risk management-related units of the Company include the Board of Directors, Risk Management Committee, Risk Management Department, and Sales Department.

1. Board of Directors:

The Board of Directors is the Company's highest decision-making body on risk management and undertakes the ultimate responsibility for the company's overall risk management, and its responsibility is as follows:

(I) Recognize the risks associated with operations and ensure the effectiveness of risk management.

(II) Set up appropriate risk management mechanisms and risk management culture, approve and review appropriate risk management policies regularly, and allocate resources in the most effective way.

(III) Risk management should consider the effect of the aggregation of various risks from the perspective of the company as a whole, as well as the statutory capital requirements set by the competent authorities and various financial and business-related regulations that affect capital allocation.

(IV) Responsible for promoting and implementing risk management policies and ensuring that the overall operations of the Company are in line with the strategic objectives.

(V) Review the risk appetite annually and make appropriate adjustments if necessary.

(VI) Authorize the Chairman to review and approve various systems, regulations, manuals, procedures, rules, principles, standards, and specifications related to risks before implementation; the same shall apply upon any amendment.

2. Risk Management Committee:

The Risk Management Committee is established under the Board of Directors to assist in the formulation of risk management policies and the promotion of risk practices, and its functions are as follows.

(I) Formulate risk management policies, structure and organizational functions, establish qualitative and quantitative management standards, report regularly to the Board of Directors, respond to the Board of Directors on the implementation of risk management in a timely manner, and make necessary recommendations for improvement.

(II) Execute the risk management decisions of the Board of Directors and regularly review the development, establishment and implementation effectiveness of the

overall risk management mechanism of the Company.

(III) Assist and supervise the risk management activities of each department.

(IV) Assist in reviewing operations related to the establishment of risk limits.

(V) Adjust risk categories, risk limit allocation, and commitment methods according to changes in the environments.

(VI) Coordinate the interactions and communication between departments regarding risk management functions.

(VII) When a risk management officer is not appointed, the Risk Management Committee shall be responsible for the overall risk management of the Company

(VIII) The Department of Risk Management is authorized to process matters related to the violations of risk limits by other departments.

3. Chief Risk Officer

The Company has an independent Chief Risk Officer who is responsible for the overall risk management of the Company and should participate in the discussion of important corporate decisions and express risk management-related views in a timely manner. The qualifications of the Chief Risk Officer shall comply with the relevant provisions of the Code of Practices on Risk Management in the Insurance Industry, and his or her appointment or removal shall be approved by the Board of Directors.

4. Risk Management Department:

The Risk Management Department is an independent and dedicated risk control unit of the Company and is responsible for the day-to-day monitoring, measurement and evaluation of the Company's risks at the executive level. The Risk Management Department performs the following duties and responsibilities depending on the type of business.

(I) Assist in the development and implementation of risk management policies approved by the Board of Directors.

(II) Assist in the development of risk limits based on risk appetite.

(III) Compile the risk information provided by each unit and coordinate and communicate with each unit to implement policies and limits.

(IV) Provide regular reports related to risk management.

(V) Regularly monitor the risk limits and utilization status of each sales unit.

(VI) Assist with pressure testing and back-testing if necessary.

(VII) Establish a self-risk and solvency assessment mechanism.

(VIII) Other risk management- related matters. (Example: handle matters when other units violate the risk limit.)

5. Sales Development:

Each sales unit of the Company shall assign risk management personnel to assist each sales unit in carrying out risk management operations, and the responsibilities of each sales unit and unit head for risk management operations are set out below.

Sales unit:

(I) Identify risks and report risk exposure status.

(II) Measure the degree of impact (quantitative or qualitative) when risks occur and communicate risk information in a timely and accurate manner.

(III) Regularly review all risks and limits to ensure effective implementation of risk limit regulations within the sales unit.

(IV) Monitor the status of risk exposures and report on exceedances, including the measures taken by sales units to address exceedances.

(V) Assist in the development of risk models to ensure that the measurement of risks, the use of models, and the development of assumptions within sales units are conducted on a reasonable and consistent basis.

(VI) Ensure that internal control procedures of sales units are effectively implemented to comply with relevant regulations and the Company's risk management policy.

(VII)Assist in operational risk-related data collection.

Head of sales units

(I) Responsible for the daily risk management and reporting of the unit and taking necessary countermeasures.

(II) Supervise the regular transmission of relevant risk management information to the risk management unit.

Eight. Special Remarks

I. **Information on affiliated enterprises: The most recent consolidated financial statements of affiliated enterprises and affiliation prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises":** No such matters.

II. **For the most recent year and the current year as of the publication date of the annual report, the information on the private placement of marketable securities shall disclose including the date and amount approved by the shareholders' meeting or the board of directors, the basis and reasonableness of the price, the method of selection of specific person, the necessary reasons for the private placement, the target of the private placement, the eligibility criteria, the number of subscriptions, the relationship with the Company, its participation in the operation of the Company, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the impact of the private placement on shareholders' equity, the use of funds for the private placement of marketable securities from the date of full collection of stock price to the completion of the capital utilization plan, the progress of the implementation of the plan and the effectiveness of the plan:** No such matters.

III. **Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report:** No such matters.

IV. **Other matters requiring supplementary information:** None

V. **If any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report:** No such matters.

ShinKong Insurance Co., Ltd.

Chairman WU, HSIN-HUNG