



中華開發金控
CHINA DEVELOPMENT FINANCIAL

2021 ANNUAL REPORT

Stock Code: 2883

CDF Web: <https://www.cdfholding.com/en/>

MOPS Web: <https://mops.twse.com.tw/mops/web/index>

Printed Date: March 31, 2022



Notice to readers

This English-version annual report is a summary of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Spokesperson

Name: Richard Chang
Title: Executive Vice President
Tel: (02)2763-8800
Email: richardchang@cdibh.com

Deputy Spokesperson

Name: Jenny Huang
Title: Executive Vice President
Tel: (02)2763-8800
Email: pilin.huang@cdibh.com

Deputy Spokesperson

Name: April Pan
Title: Executive Vice President
Tel: (02)2763-8800
Email: april.pan@cdibh.com

Headquarters, Branches and Plant

China Development Financial

Address: 8, 12, 13 & 18F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: (02)2763-8800
Web: <https://www.cdfholding.com/en/>

Subsidiaries

China Life Insurance

Address: 3-7F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: (02)2719-6678
Web: <https://www.chinalife.com.tw/>

KGI Bank

Address: 9-11F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: (02)2175-9959
Web: <https://www.kgibank.com.tw/en/>

KGI Securities

Address: No. 700, Mingshui Rd., Taipei 10462, Taiwan
Tel: (02)2181-8888
Web: <https://www.kgi.com.tw/en/>

CDIB Capital Group

Address: No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: (02)2763-8800
Web: <https://www.cdibcapitalgroup.com/en/>

China Development Asset Management

Address: 8F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: (02)2756-8968
Web: <https://www.cdfholding.com/en/>

Stock Transfer Agent

Name: The Transfer Agency Department of KGI Securities
Address: 5F, No. 2, Sec. 1, Chongqing South Rd., Taipei 10044, Taiwan
Tel: (02)2389-2999
Web: <https://www.kgibank.com.tw/en/>

Credit Rating Agency

Name: Taiwan Ratings
Address: 2F, Hung Kuo Building No. 167, Dunhua N. Rd., Taipei 105, Taiwan
Tel: (02)8722-5800
Web: https://www.taiwanratings.com/portal/front/index?lang=en_US

Auditors

Auditors: Wu, Yi-Chun; Ke, Jr-Shian
Accounting Firm: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Taipei 11073, Taiwan
Tel: (02)2725-9988
Web: <https://www2.deloitte.com/tw/en.html>

Overseas Securities Exchange: None Shareholder Hotline: 0800-212-791

Content



中華開發金控
CHINA DEVELOPMENT FINANCIAL

		1
I.	Letter to Shareholders	1
II.	Company Profile.....	5
2.1	Date of Incorporation.....	5
2.1.1	China Development Financial Holding Corporation (CDF, or “The Company”)	5
2.1.2	Subsidiaries.....	5
2.2	Company History.....	5
III.	Corporate Governance Report.....	8
3.1	Organization	8
3.1.1	Organization and responsibilities of key departments.....	8
3.1.2	Organizational Chart	12
3.2	Directors, President, Executive Vice Presidents, Vice President and Management Team	13
3.2.1	Directors (I).....	13
3.2.2	Directors (II)	21
3.2.3	Management Team	35
3.2.4	Reappointment of the retiring chairperson and president as consultants.....	44
3.2.5	Chairman and President are the same person or each other's spouse or first-degree relatives	44
3.3	Remuneration of Directors, Supervisors, President, Vice President and Consultant	45
3.3.1	Remuneration of Directors.....	45
3.3.2	Remuneration of the President and Vice President	47
3.3.3	Employee Remuneration	50
3.3.4	Comparison of Remuneration for Directors, Presidents and Vice Presidents in Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents.....	50
3.4	Status of Corporate Governance.....	53
3.4.1	Operations of the Board.....	53
3.4.2	Operations of Audit Committee	62
3.4.3	Items disclosed in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies:.....	70
3.4.4	Corporate Governance Implementation Status	71
3.4.5	Composition, Responsibilities and Operations of the Remuneration Committee.....	86
3.4.6	Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.....	94
3.4.7	Ethical Corporate Management and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”.....	101
3.4.8	Access to the Company's Corporate Governance Best Practice Principles and Related Rules and Regulations.....	107
3.4.9	Other Information Providing a Better Understanding of the Company's Corporate Governance Status.....	107
3.4.10	Implementation of Internal Control System.....	108
3.4.11	Penalties imposed on the Company and its subsidiaries during the most recent two years for illegalities and major deficiencies, and improvements made.....	110
3.4.12	Important resolutions of shareholder meetings and board meetings during the most recent year, and up to the date of publication of this annual report	115
3.4.13	Major Issues of Record or Written Statements Made by Any Directors	

	Dissenting to Important Resolutions Passed by the Board in the Most Recent Year and Up to the Date of Publication of This Annual Report.....	118
3.4.14	Resignation or Termination of the Company's Key Individuals, Including the Chairperson, President and Heads of Finance, Accounting, Internal Audit, and Corporate Governance in the Most Recent Year and Up to the Date of Publication of This Annual Report.....	118
3.5	Information Regarding CDF's Audit Fee and Independence	119
3.5.1	Audit fee and Non-audit fee to the CPAs, their accounting firm, and their affiliated firms.....	119
3.5.2	If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes.....	119
3.5.3	If audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for reduction must be disclosed:.....	119
3.6	Information on replacement of CPA	119
3.7	The Company's Chairman, President, or any managers involved in financial and accounting affairs being employed by the audit firm or any of its affiliated company within the last year	119
3.8	Facts about the director, manager, or a same person or a same affiliated enterprise having held the equity of a same financial holding corporation with voting power exceeding the specified ratio which should be declared the facts of equity transfer and change in equity pledge under Article 11 of the Managerial Regulations.....	120
3.8.1	Changes in Shareholding of Directors, Managers and Major Shareholders	120
3.8.2	Shares Trading with Related Parties.....	125
3.8.3	Shares Pledge with Related Parties	125
3.9	Relationship among the Top Ten Shareholders.....	126
3.10	Shares jointly held by CDF, subsidiaries, CDF's directors, managers, and directly/indirectly controlled entities on any single investee. Calculate shareholding percentage in aggregate of the above parties.....	127
IV.	Capital Overview	129
4.1	Capital and Shares	129
4.1.1	Source of Capital.....	129
4.1.2	Status of Shareholders	132
4.1.3	Shareholding Distribution Status	132
4.1.4	List of Major Shareholders	133
4.1.5	Market Price, Net Worth, Earnings, and Dividends per Share.....	134
4.1.6	Dividend Policy and Implementation Status.....	135
4.1.7	Impact of the proposed stock dividend on corporate operating performance and EPS	135
4.1.8	Employees' compensation and directors' remuneration	135
4.1.9	Buyback of Treasury Stock.....	136
4.2	Corporate Bonds.....	137
4.3	Issuance of Preferred Shares	142
4.4	Issuance of Global Depository Receipts	143
4.5	Employee Stock Options.....	143
4.5.1	Issuance of Employee Stock Options (ESO)	143
4.5.2	Issuance of New Restricted Employee Shares	144
4.6	Merger and Acquisitions or Transfers of other Financial Institutions.....	146
4.6.1	CPA opinions on share swap ratios of mergers and acquisitions or transfers of other financial institutions in the current year.....	146
4.6.2	Disclosure of information on the merger and acquisition of other financial institutions in the most recent five fiscal years	146

4.6.3	Implementation status of new share issuance in connection with mergers and acquisitions or transfers of other financial institutions approved by the Board, information on merged or acquired institutions, and the impact on shareholders' equity in connection with the ongoing merger and acquisition.....	147
4.7	Implementation of the Capital Utilization Plans.....	147
V.	Operational Highlights	148
5.1	Business Activities.....	148
5.1.1	Business Scope.....	148
5.1.2	Annual Business Plan.....	155
5.1.3	Industry Overview.....	156
5.1.4	Research and Development.....	160
5.1.5	Short and Long Term Business Development Plans.....	162
5.2	Cross-Selling and Synergy	164
5.3	Market and Business Overview	165
5.4	Employee Profile	173
5.4.1	Employee profile (population, years of service, age and highest educational attainment) for the last two years and before the printing date of the Report.....	173
5.4.2	Education and Training for Employees in 2021	175
5.5	Corporate Social Responsibility and Code of Conduct.....	176
5.5.1	Inclusive Vision.....	176
5.5.2	Epidemic Social Assistance	185
5.6	Number of non-executive full-time employees, and the average and median annual employee compensation and differentials from the previous year.....	187
5.7	Information Technology Facilities	187
5.7.1	Software and hardware configurations and maintenance	187
5.7.2	Future development or procurement plans	187
5.7.3	Emergency backup and security measures.....	189
5.8	Information security management	190
5.8.1	Information security risk management structure, Cyber security policy, specific management scheme and resources invested in Cyber security management	190
5.8.2	Losses, possible impacts by major information security incidents in the most recent year and up to the date of printing of the annual report and countermeasures	192
5.9	Labor Relations.....	192
5.9.1	Employee welfare, retirement policy and implementation; agreements between labor and management, measures for securing employees' rights.....	192
5.9.2	Recent losses resulting from employment disputes as of the publication date of the Annual Report (including violations of the Labor Standards Act identified by labor inspection results, and including the violation name, article and contents, the violation date and sanctions); disclose current and estimated losses and any response or action taken; state reasons in cases where losses cannot be reasonably estimated.....	193
5.9.3	Working environment and employee safety measures.....	193
5.10	Material Contracts.....	194
VI.	Financial Information.....	198
6.1	Five-Year Financial Summary	198
6.1.1	Consolidated Condensed Balance Sheet.....	198
6.1.2	Unconsolidated Condensed Balance Sheet.....	200
6.1.3	Consolidated Condensed Statement of Comprehensive Income.....	201
6.1.4	Unconsolidated Condensed Statement of Comprehensive Income.....	202
6.1.5	Auditors' Opinions from 2017 to 2021.....	202
6.2	Five-Year Financial Analysis.....	203
6.3	Audit Committee's Report for the Most Recent Year	206

6.4	Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report.....	207
6.5	Any financial distress experienced by CDF or its affiliated enterprises and impact on CDF's financial status, in the latest year up till the publication date of this annual report:	466
VII.	Review of Financial Conditions, Financial Performance, and Risk Management.....	466
7.1	Analysis of Financial Status	466
7.2	Analysis of Financial Performance	468
7.3	Analysis of Cash Flow	468
7.3.1	Remedy for Cash Deficit and Liquidity Analysis.....	468
7.3.2	Improvement plan of Illiquidity	468
7.3.3	Cash Flow Analysis for the Coming Year.....	469
7.4	Major Capital Expenditure Items.....	469
7.5	Investment Policy in the Most Recent Year, Causes of Profit or Loss and Improvement Plans, and Investment Plans for the Coming Year	469
7.5.1	Investment policy in the most recent year	469
7.5.2	Causes of profit and improvement plans	469
7.5.3	Investment plans for the coming year.....	470
7.6	Evaluation of risk management practices, on a consolidated basis, for the last year up until the publication date of this annual report	470
7.6.1	Risk management framework and policies of the Company and its subsidiaries	470
7.6.2	Methods adopted by the Company and its subsidiaries for the assessment and control of risks, and disclosure of quantified risk exposures	472
7.6.3	Financial impacts and responsive measures in the event of changes in local and foreign regulations.....	479
7.6.4	Financial impacts and responsive measures in the event of technological or industrial changes.....	479
7.6.5	Impacts and responsive measures in the event of change in corporate image of the financial holding company and subsidiaries.....	481
7.6.6	Expected benefits, risks and responsive measures of planned mergers or acquisitions	481
7.6.7	Risks and responsive measures associated with concentration of business activities.....	481
7.6.8	Impacts, risks, and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 1% ownership interest	482
7.6.9	Impacts, risks and responsive measures associated with a change of management	482
7.6.10	Litigious and Non-Litigious Matters:	482
7.6.11	Other key risks and responsive measures	484
7.7	Risk Management and Response Mechanism	484
7.8	Other Major Events.....	485
VIII.	Special Disclosure	486
8.1	Summary of Affiliated Companies	486
8.1.1	Organizational Chart	486
8.1.2	Backgrounds of affiliated enterprises	490
8.1.3	Common Shareholders among Controlling and Controlled Entities	493
8.1.4	Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report. Unit: shares;	494
8.1.5	Performance of affiliated enterprises:.....	500
8.2	Any private placement of securities in the recent years up to the publication of this	

	annual report.....	503
8.3	The shares in the Financial Holding Company held or disposed of by subsidiaries in the recent years up to the publication of this annual report.....	504
8.4	Other important supplementary information	504
8.4.1	Events having occurred in the previous year or up to the date of publication of this annual report, which significantly affect shareholders' equity or price of shares pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act.....	504

I. Letter to Shareholders

Looking back at 2021, with growing vaccination rates, major countries have gradually resumed economic activities, evidenced by a clear rebound in economic momentum. Taiwan had an outstanding export performance thanks to competent pandemic control, recovery of the global economy, continued demand for innovative technology and digital transformation, and rising prices. Increased consumer spending after the COVID outbreak coupled with expanded production of manufacturing capacity and green facilities, from domestic demand, contributed to Taiwan's economic growth. In the capital market, strong fundamentals drove a leap in profitability for businesses and record highs in TAIEX, outperforming major stock markets. The closing index reached 18,219 at the end of 2021, representing an increase of 23.7%.

Despite concerns about the on-going pandemic and inflation, banking, securities, insurance, and our private equity businesses performed very well resulting in a record net income of NT\$47.10 billion. To enhance capital efficiency and return on shareholders' equity, we gradually increased our shareholding in China Life Insurance through tender offer and public acquisitions, resulting in incorporating China Life Insurance as a wholly owned subsidiary of China Development Financial (CDF) on December 30, 2021. The consolidated net income for 2021 was NT\$47.1 billion (including NT\$12.06 billion from non-controlling interests), with EPS of NT\$2.34 and consolidated ROE of 15.1%. Compared with the consolidated net income of NT\$20.68 billion in 2020 (including NT\$8.02 billion from non-controlling interests), the YoY growth was around 128%.

In May 2021, Taiwan Ratings rated CDF's long- and short-term ratings as "twAA" and "twA-1+," respectively, and its outlook as "stable," recognizing the Group's strong capitalization, solid foundation in Taiwan's corporate banking and securities business, and proper business diversification. The "stable" outlook indicates CDF and its major subsidiaries will remain stable upon the completion of the China Life acquisition.

In early 2021, we launched our ABCDE five-year strategy consisting of five parts: (A) Accelerate Digital, designed to make CDF and its subsidiaries into leaders in digital; (B) Become Employer of Choice, designed to achieve a higher level of employee engagement and career development; (C) Customer Focus, designed to make us the most recommended financial services brand in the market; (D) Drive growth, designed to exceed industry benchmarks and, (E) Execution Excellence, designed to deliver outstanding results for all our stakeholders. You can find details and examples of our progress in each one of these areas in our investor pack on our website.

Below are the highlights of 2021 performance by individual business segments.

(I) Life Insurance business

China Life Insurance has continued to expand its distribution network consisting of bancassurance, brokerage agency, business services, group insurance, and e-commerce channels to expand its scale of operations, increase market share, and provide comprehensive services to its policyholders. We differentiate our products and services based on the goals and characteristics of individual channels to maintain sales advantage and balanced development. We continue to meet the market's needs with a comprehensive line-up of innovative, consumer-oriented insurance products for life insurance, retirement, accident, medical care, long-term care, and financial planning.

Our prudent asset and liability management combined with strong risk controls enables us to develop long-term, protection-oriented products for our customers in Taiwan. In 2021, the accumulated annual gross premium income was NT\$224 billion. New contract premium income was NT\$88.8 billion, of which long-term installment products increased 11% over the same period last year. With the growth in financial technology (FinTech), China Life Insurance has also invested in accelerating our digital efforts. As one of the few insurance companies allowed to pilot remote insuring, we pioneered facial recognition policy sales during 2021, leading the industry into a new era of "facial recognition insurance." We won the "Digital Innovation Award" and the "Digital Information Security Award" in the 2021 Digital Financial Service Award and placed first in Taiwan Corporate Sustainability Awards' (TCSA) "Growth Through Innovation—Finance and Insurance."

Our corporate governance is well recognized in the industry, having been ranked in the top 5% in the Corporate Governance Evaluation for Listed Companies for six years. Our efforts in sustainable development have also proved successful as the only insurance company to be included in TCSA's "Top 50 Corporate Sustainability Awards."

(II) Banking business

KGI Bank continued to leverage its corporate banking, retail banking, and global markets to continue to enhance the franchise while focusing on FinTech to build integrated, user-centric digital solutions.

Our corporate bank remains committed to providing the best financial solutions and professional financial services to Taiwanese and international corporations. Retail banking has accelerated the building of digital platforms, optimizing mobile and online banking to enhance digital services for all our customers. The open "KGI inside" platform connects entrepreneurs in all fields to reach potential customers with an integrated virtual-physical financial ecosystem. In our global markets business, we emphasize risk control and limit management to establish asset allocation for stable returns by actively reducing the risk exposure of derivative financial assets and dynamically adjusting risk management strategies.

As ESG has become an international indicator of corporate sustainability, KGI Bank was actively involved in financing major large-scale renewable energy plants in Taiwan in 2021, as well as supporting small-scale solar facilities on primary and secondary school buildings through credit facilities. The credit balance provided to the green energy industry increased 24% over the previous year. In issuing the first social responsibility bonds in Taiwan, KGI contributed to Taiwan's five major social efficiency projects: infrastructure, rural development, relief for small, medium, and micro enterprises, support for the financially disadvantaged, and reconstruction of unsafe and old urban buildings.

(III) Venture Capital/Private Equity business

A new Taiwanese dollars denominated fund was completed in 2021. Twelve funds denominated in New Taiwanese dollars, US dollars, and Renminbi are currently under management, with investment mainly in Taiwan, mainland China, and North America. Total fund commitment reached NT\$41.1 billion at the end of 2021, of which NT\$2.6 billion has been drawn down for investment and proceeds of around NT\$3 billion has been received in 2021. Cumulatively, completed direct investment drawdown is NT\$29.8 billion, and the realized value is about NT\$8.7 billion.

In addition to the fund management, CDIB Capital concluded the public tender of its headquarters building and reduced investment in third-party private equity funds. Besides financing CDF's strategic projects, we continue to support the development of new businesses, thereby enhancing long-term capital utilization efficiency.

(IV) Securities business

All areas of our securities business had outstanding performances in 2021 while maintaining their market competitiveness. We further strengthened our number two position in brokerage's industry position by reaching 10.7% market share. We successfully introduced KGI ledger account, offering one-stop account services for TWSE, sub-brokerage, and wealth management. We also created the "US and HK Stocks Investment Corner" online platform for small investors to obtain investment information on overseas stocks quickly. Our social media presence continues to grow with 260,000 friends and over 450,000 views of our videos on our official LINE account. We again ranked first with a 15.7% market share of foreign institutional investor brokerage and second with a 25% market share of securities lending business, demonstrating professional research and services well acknowledged by international corporations. There were 41 cases of underwriting of initial listing and secondary market fundraising, accounting for an industry-leading 17% market share. The combined primary underwriting in NTD and international bonds reached NT\$237.6 billion, signifying a market share of 12.5%, maintaining the top position in the industry. The market share of warrant trading was 15.7%, a nearly 30% increase over the same period last year. The number of warrants issued totaled 8,193, amounting to NT\$66.2 billion, ranking second in the industry. KGI SITE ranked 8th and 3rd in public and private equity assets with NT\$200.4 billion and NT\$3.7 billion, respectively.

KGI Securities is committed to financial innovation. In 2021, we were qualified to trade in foreign bonds and foreign currency-denominated structured bonds with high-equity clients that did not achieve a BB-credit rating and were received approval to issue foreign currency denominated leveraged structured notes. This allows us to diversify our financial products to meet all our client's allocation needs.

CDFH was once again selected as a constituent of both DJSI World and DJSI Emerging Markets in 2021, ranking in the Bronze Class of the global insurance industry, while placing first in the environment aspect among global insurance companies. We has also received the Commonwealth Magazine's Excellence in Corporate Social Responsibility Award for the fourth consecutive year and has been listed as a constituent of the FTSE4Good Emerging Market Index and FTSE4Good TIP Taiwan ESG Index for the fifth consecutive year. CDF has long been championing education projects via China Development Foundation, KGI Charity Foundation, and our subsidiaries, such as "Heritage 100 & Tutoring 100," "Perfect Nutrition," and "Scholarship for skilled vocational high school students," in advocating the development of a sustainable society. We aim to implement the core value of the "co-creation of society" and eight of the United Nations' Sustainable Development Goals (SDGs). Starting in 2021, we have launched corporate volunteer programs for environmental protection, underprivileged communities, elderly care, and local revitalization. Aided by the thriving social enterprises and innovation, we integrate the resources from the Group, social enterprises, and local creative teams to create a mutually beneficial model for a sustainable local revitalization ecosystem. Volunteering has enhanced the employees' identification with the Company's ESG philosophy, creating

positive engagement for our staff and our partners.

In April 2021, the Company formally pledged to "achieve net-zero carbon emissions across the entire asset portfolio by 2045," and proposed a complete low-carbon roadmap under international standards, exerting influence in the financial industry through investment and financing. With the official relocation into the new headquarters building in October 2021, not only do we offer a modern work environment, but we also took a step toward our net-zero pledge with this golden and green architecture, built upon the concepts of environmental friendliness and sustainable development.

During 2022 we expect more volatility due to the uneven pace of global economic recovery, continued geopolitical conflicts and rising inflation. Taiwan's export performance combined with; domestic demand is expected to remain strong resulting in overall positive economic growth.

Finally, we would like to thank all our employees for their hard work as well as our clients, regulators, and our shareholders for their continued support. We remain committed delivery of our ABCDE strategy as we embrace innovation and talent to deliver sustainable financial solutions to our clients, shareholders, and communities.



Sincerely,

Chia-Juch Chang, Chairman

Stefano Paolo Bertamini, President

II. Company Profile

2.1 Date of Incorporation

2.1.1 China Development Financial Holding Corporation (CDF, or “The Company”)

Established and operated on December 28, 2001

2.1.2 Subsidiaries

- (1) CDIB Capital Group (CDIB Capital), formerly China Development Industrial Bank:

Established and operated on 14 May, 1959

- (2) KGI Securities (KGIS):

Established on 14 September, 1988 and started operation on 10 December, 1988

- (3) KGI Bank (KGIB):

Established on 13 August, 1991 and started operation on 12 February, 1992

- (4) China Life Insurance Co., Ltd. (China Life):

Established on 25 April, 1963

- (5) China Development Asset Management Corp. (AMC)

Established on November 5th, 2003.

2.2 Company History

In order to provide customers with appropriate and complete financial services, on June 20, 2001, at a shareholder meeting convened by China Development Industrial Bank (now CDIB Capital Group), the resolution of establishing the entity of China Development Financial (CDF) via share swap was approved. Approval from remaining authorities occurred on November 28, 2001 and the legal establishment of CDF was formally enacted a month later on December 28, when CDF also launched its IPO on the TWSE.

CDIB Capital Group, formerly China Development Corporation and later China Development Industrial Bank, was the first private development-oriented financial institution in Taiwan. It was established on May 14, 1959 and was restructured to become an industrial bank in 1999. CDIB Capital Group has focused on principal investment, corporate banking, and financial market businesses. CDIB Capital Group continues to play a critical role in Taiwan's venture capital market. On May 1, 2015, CDIB's corporate banking and financial market operations were transferred to KGI Bank. On March 15, 2017, CDIB was renamed to CDIB Capital Group, which is focused on raising and managing equity investment funds and actively expands asset management business

The subsidiary KGI Securities began operations in 1988. Adhering to the concept of decent operation and integrity first, it mainly focuses on securities brokerage, proprietary trading and underwriting business. KGI

Securities gradually develops into a comprehensive securities firm providing diversified services. Up to now, in addition to setting up subsidiaries such as futures, investment trusts, investment consultants, venture capital (venture capital) and insurance brokers in Taiwan, the Company's business territory has been expanded to Hong Kong, Thailand and Singapore. In terms of business types, it has also expanded from traditional securities related business to bond business and the development of various derivatives, including interest rate derivatives, credit derivatives, equity derivatives and various structural commodities. Its business scope covers securities brokerage, proprietary trading, underwriting, bonds and derivatives and other businesses. Its product business covers a complete range, with matrix management, transnational management ability Integrated regional products and channels.

Since its inception, KGI Securities has actively sought the best opportunity to expand its business scale. In 1998, it successfully completed the merger with Taiwan Securities and jumped to become the second largest securities firm in Taiwan. KGI Securities officially became a 100% subsidiary of CDF on January 18, 2013. On June 22, 2013, it officially merged with Grand Cathay Securities Hong Kong) Limited, a subsidiary of CDF. KGI Securities became the surviving company. The overseas business territory of KGI Securities is also quite complete. At present, it has strongholds in Hong Kong, Thailand, Singapore and Indonesia. Through the advantages of regional layout, it grasps the international economic pulse, provides complete commodity lines and all-round financial services for customers at home and abroad, and leads domestic peers in the layout of international operation.

Focusing on the growth of CDF and the implementation of CDF's ABCDE strategies, KGI Securities is committed to consolidate its leading position in Taiwan's securities market and expand its financial holding's business in the Asia Pacific region to meet to meet the growing digital financial needs of investors. At the same time, it focuses on strengthening cross regional business cooperation, promoting local service evolution and expanding business territory.

The subsidiary KGI Bank (formerly known as Banks & Credit Unions) was officially opened in 1992. It is committed to providing high-quality financial services for industrial and commercial enterprises and the public. Its main business items include deposits, credit cards, wealth management, consumer finance, corporate finance, financial transactions, foreign exchange and other commercial banking related businesses. In order to improve business development, strengthen the comprehensive efficiency of financial commodity services and expand diversified marketing strategies, the Company incorporated Banks & Credit Unions as a subsidiary by means of share conversion on September 15, 2014, and officially changed its name to KGI Bank since January 2015. On May 1 of the same year, KGI Bank transferred the commercial banking business and related assets and liabilities of China Development Industrial Bank, making the overall structure more complete.

KGI Bank followed the five development strategies of CDF, including "accelerate digital, become employer of choice, customer focus, drive growth and execution excellence", implemented cross-border sales

and capital utilization efficiency, and rapidly strengthened its competitiveness. In addition, through cooperation with overseas regional market strategic partners, KGI Bank is actively moving towards international development. In the current rapidly changing industrial environment, with differentiated high-quality customer experience as the core, KGI Bank provides diversified professional financial services to win customers' trust and loyalty. It is expected to become the best choice for group customers' cash flow services, so as to enrich the bank's foreign currency deposit base and obtain relatively low capital cost, improve the ability of business competition, and create a bright growth of shareholders' rights and interests, Continue to practice the concept of sustainable management and fulfill social responsibility.

The subsidiary, China Life, was founded in 1963, formerly known as Overseas Chinese Life Insurance Co., Ltd. in March 1981, it was renamed China Life Insurance Co., Ltd. and was officially listed on the Taiwan Stock Exchange on February 8, 1995. On September 13, 2017, the Company successfully publicly acquired 25.33% equity of China Life and became the largest shareholder of China Life. On February 2, 2021, the Company successfully acquired 21.13% equity of China Life again, add up KGI Securities 8.65% equity of China Life, with a comprehensive shareholding of 55.95%, achieving the goal of holding more than half of the shares. On December 30 of the same year, the Company completed the share conversion with China Life, and China Life became a 100% owned subsidiary of the Company.

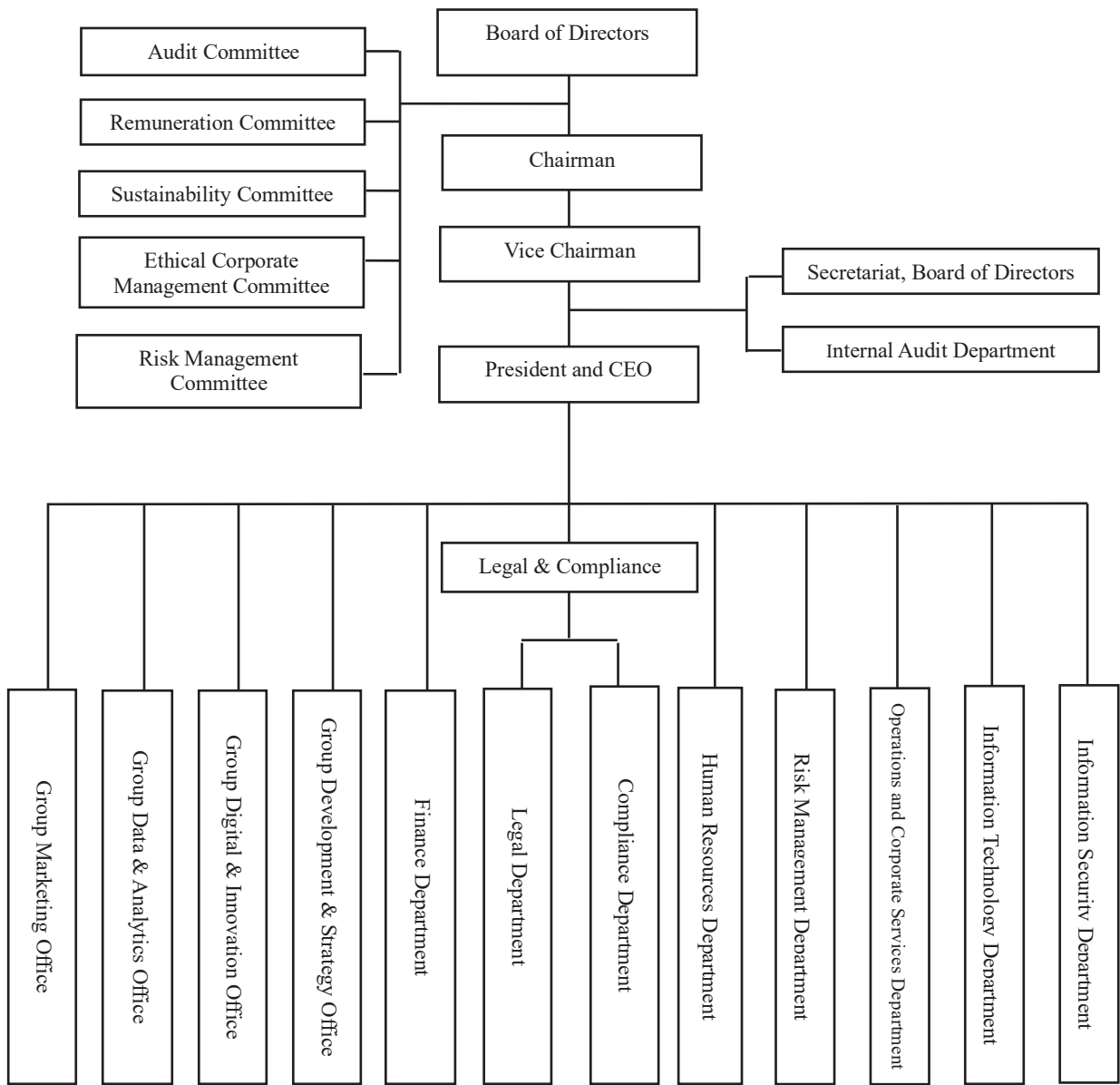
The subsidiary China Development Asset Management was established in 2003. In addition to acquire the non-performing assets released by financial institutions or other asset management companies, China Development Asset Management also evaluates and purchases the real estate sold in the legal auction market or public auction by government agencies, repairs and optimizes the held assets, and adopts the strategy of rent and sale to increase the enterprise's surplus. On July 1, 2019, China Development Asset Management completed the merger with the other three asset management subsidiaries of the Group. China Growth Asset Management was the surviving company, and changed its name to China Development Asset Management on the same day, which unified the Company's brand name, improved the flexibility of capital utilization, and improved business promotion and competitiveness.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization and responsibilities of key departments

A. Organization chart of CDF



B. Functions of Key departments

Secretariat, Board of Directors	Secretarial duties for the Board and the Audit Committee under the Board, including handling of stock-related matters
Internal Audit Department	Matters relating to business audits and internal controls
Group Marketing Office	Strategic marketing, brand awareness, media relations, social media, CSR Committee, as well as corporate sustainability-related matters
Group Data & Analytics Office	Strategic development of data and analytics, artificial intelligence, and data governance across the group
Group Digital & Innovation Office	Digital design, automation, sharing of digital technology, agile development, and financial technology investment projects
Group Development & Strategy Office	Strategic development, asset allocation, and integration of resources within the group, including evaluation and analysis of market trends
Finance Department	Financial, capital, and performance management, including handling of all accounting, investor relations, and M&A-related matters
Legal Department	All legal-related matters, including case consultation, contract review, and countersigning of other legal documents involving legal rights and obligations
Compliance Department	Planning, administration, and execution of compliance and anti-money laundering policies; investigation and handling of illegal cases; supervision of subsidiaries; matters relating to the Ethical Corporate Management Committee
Human Resources Department	Human resource management, employee relations, organizational planning, and matters relating to the Remuneration Committee
Risk Management Department	Credit, market, and operational risk management, as well as matters relating to the Risk Management Committee
Operations and Corporate Services Department	General affairs and administrative operations
Information Technology Department	Strategic development of technology, information management, and other related affairs
Information Security Department	Planning, supervising, and executing of information security related matters

C. Primary duties of functional committees

(1) Audit Committee

The powers of the Audit Committee, consisting of all independent directors of CDF, are as follows:

- Formulating or amending the internal control system pursuant to Article 14-1 of the Securities and Exchange Act;
- Assessing the effectiveness of the internal control system;
- Formulating or amending, pursuant to Article 36-1 of the Securities and Exchange Act, the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets and derivatives trading;
- Handling matters in which a director is an interested party;
- Handling asset transactions or derivatives trading of a material nature;
- Handling the offering, issuance, or private placement of equity-type securities;
- Handling the hiring or dismissal as well as compensation of a certified public accountant;
- Appointing or discharging a financial, accounting or internal audit manager;

- Having annual and second-quarter financial statements signed by the Chairman, the President and CEO, and the Chief Accounting Officer;
- Reviewing and approving operational reports and proposals regarding earnings distribution or loss provision; and
- Handling other material matters as may be required by the Company or by the competent authority.

(2) Remuneration Committee

The powers of the Remuneration Committee, consisting of all independent directors, are as follows:

- Establishing and periodically reviewing the policy, system, standards, and structure of the performance evaluation and remuneration of directors (including the Chairman and Vice Chairman) and management team members;
- Periodically assessing and designing the remuneration package of directors (including the Chairman and Vice Chairman) and management team members; and
- Resolving matters authorized by the Board.

Except for matters authorized by the Board or regulations approved by the Board may be implemented upon the Remuneration Committee's approval, all resolutions passed by the Remuneration Committee must be submitted to the Board for discussion.

(3) Sustainability Committee

The powers of the Sustainability Committee, consisting of the Chairperson, President, and CEO, and independent directors, as well as the Chairpersons of direct subsidiaries and outside directors of direct subsidiaries (KGI Bank, KGI Securities, and CDIB Capital Group), are as follows:

- Deliberate and approve annual sustainable development plans and strategic directions;
- Deliberate and approve sustainable development projects and activity plans;
- Track and review the implementation and effectiveness of annual sustainable development plans, strategic directions, projects, and activity plans;
- Review ESG reports on a regular basis; and
- Resolution of other matters concerning sustainable development and participation in public affairs as assigned by the Board of Directors.

The Sustainability Committee shall convene at least twice a year or at any time if necessary.

(4) Ethical Corporate Management Committee

The powers of the Ethical Corporate Management Committee, consisting of members nominated by the Chairperson and elected by the Board of Directors and half of them should be independent directors of CDF or its subsidiary, are as follows:

- Assisting in incorporating ethics and moral values into CDF's business strategy and adopting appropriate preventive measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations;
- Adopting programs to prevent unethical conduct and setting the standard operating procedures and conduct guidelines with respect to CDF's operations and business;
- Planning internal organization, structure, and allocation of responsibilities and setting up mutual supervision and checks-and-balance mechanisms for operating activities that are at high risk of unethical conduct;
- Promoting and coordinating awareness and educational activities with respect to ethics policy;

- Developing a whistle-blowing system and ensuring its operational effectiveness; and
- Assisting the Board of Directors and management in auditing and assessing whether prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

The Ethical Corporate Management Committee shall convene at least once a year or at any time if necessary.

The Ethical Corporate Management Committee shall report to the Board on the implementation of the annual ethical corporate management plan every year.

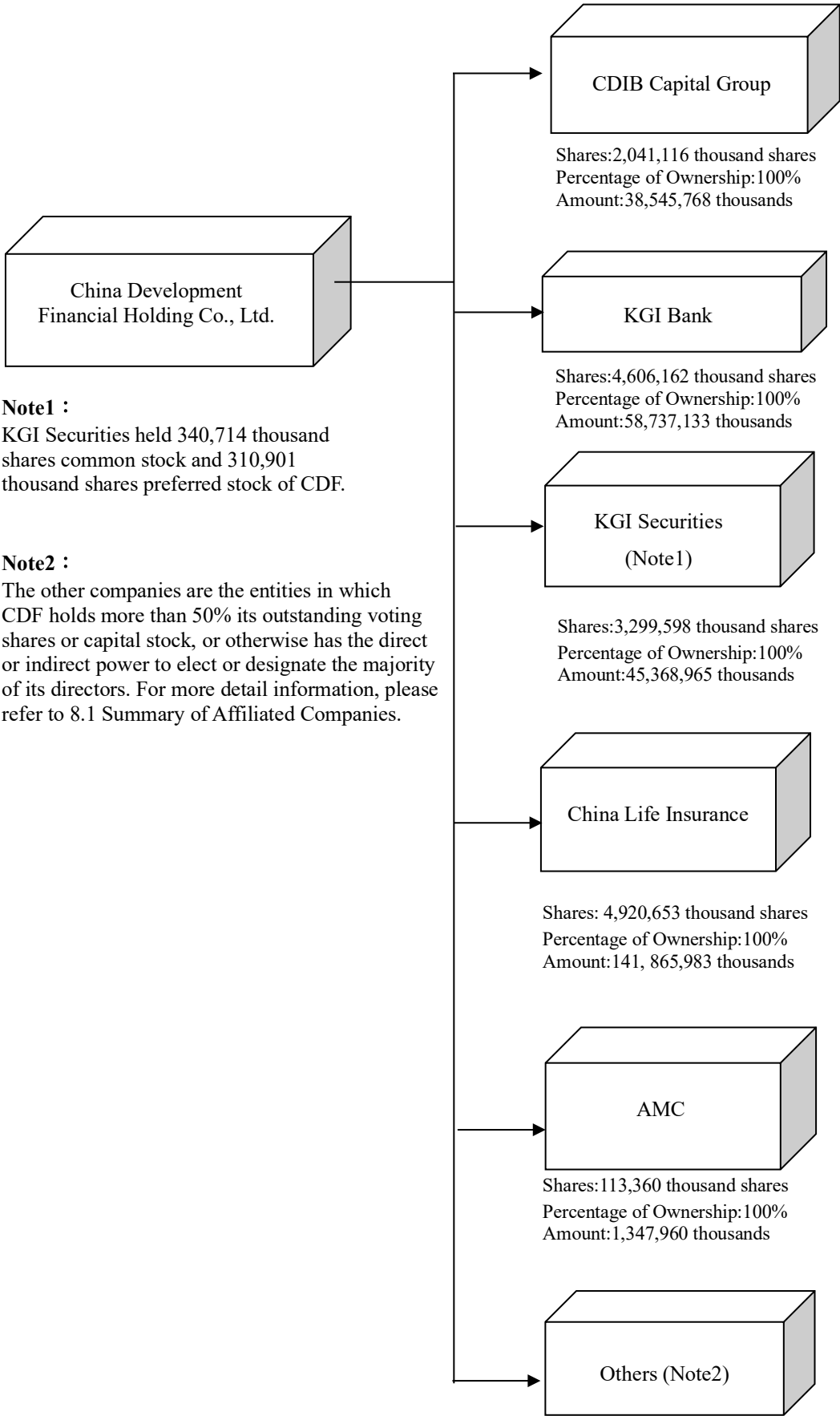
(5) Risk Management Committee

The Risk Management Committee consists of three directors elected by the Board of Directors, including at least one independent director; members other than the independent director are selected from persons who are organizationally ranked Executive Vice Presidents of CDF and Presidents of subsidiaries or higher. The powers of the Risk Management Committee are as follows:

- Fostering a risk-management-oriented culture within CDF, deepening and expanding risk management, and boosting the effectiveness of risk management;
- Reviewing the risk management framework towards markets, credit, and operation, including how CDF identifies, assesses, monitors, reports, and responds to those risks; establishing a top-down, cross-subsidiary, and cross-function risk management reporting mechanism;
- Supervising the establishment of the risk management framework and overseeing the execution of overall risk management practice;
- Periodically reviewing the risk management reports of CDF and its subsidiaries regarding markets, credit, operational, interest rate, and liquidity risks to manage CDF and its subsidiaries' risk tolerance; analyzing the risk concentrations of CDF and subsidiaries regularly through the operation angle of CDF; and
- Reporting on a quarterly basis to the Board concerning the execution of risk management across CDF and its subsidiaries, as well as proposals for improvement. Shall a material risk event occur, the Risk Management Committee has to supervise mitigation measures and report to the Board on a quarterly basis.

3.1.2 Organizational Chart

Date: December 31, 2021



3.2 Directors, President, Executive Vice Presidents, Vice President and Management Team

3.2.1 Directors (I)

March 31, 2022

Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when Elected ^P		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relation	
Chairman	R.O.C	Chi Jie Investment Co., Ltd.	–	06/14/2019	to 06/13/2022	04/05/2004	917,249	0.01	917,249	0.01	0	0.00	0	0.00	Ph.D., Engineering, Purdue University, U.S.A.; Professor & Director, Institute of Traffic and Transportation, National Chiao Tung University, Hsinchu, Taiwan; Director-General, Institute of Transportation / Vice Minister, Ministry of Transportation and Communications, R.O.C.; Chairman, Chungghwa Post Co., Ltd.; President & Distinguished Chair Professor, Chung Hua University, Hsinchu, Taiwan; Supervisor / Standing Committee Director, China Development Financial Holding Corporation & China Development Industrial Bank (renamed CDIB Capital Group); Chairman & CEO, China Steel Corporation;	Chairman, Transportation and Traffic Foundation; Director, YAMAHA-MOTOR Safe Driving Cultural and Educational Foundation; Chairman, Sun Yun-Suan Foundation; Executive Director, Chinese International Economic Cooperation Association; Director, Far Eastern Memorial Foundation; Director, China Foundation for the Promotion of Education and Culture.	None	None	None	None
	R.O.C	Representative Chia-luch Chang	M / 71-75	06/14/2019	to 06/13/2022	07/01/2006 (Note3)	833,992	0.01	834,000	0.00	0	0.00	0	0.00	Chairman & CEO, China Airlines Corporation; Minister, Ministry of Economic Affairs, R.O.C.; Chairman, China Development Industrial Bank (renamed CDIB Capital Group); Chairman, CDIB Capital Group; Director, Monte Jade Science & Technology Association of Taiwan					

Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when ElectedP		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)			Title	Name	Relation	
Vice Chairman	R.O.C	GPPC Chemical Corp.	-	06/14/ 2019	to 06/13/ 2022	04/05/ 2004	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	MBA, the Wharton School of the University of Pennsylvania; Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director, Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	Vice Chairman, CDIB Capital Group; Chairman, CDIB Capital International (USA) Corporation; Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	None	None	None	None
							Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)						
							12,109,973	0.08	12,109,973	0.07	0	0.00	0	0.00						
	France	Representative Lionel de Saint-Exupéry	M / 51-60y	10/25/ 2019	to 06/13/ 2022	10/25/ 2019	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	MBA, the Wharton School of the University of Pennsylvania; Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director, Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	Vice Chairman, CDIB Capital Group; Chairman, CDIB Capital International (USA) Corporation; Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	None	None	None	None
							Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)						
							1,424,206	0.01	5,932,028	0.03	0	0.00	0	0.00						
	France	Representative Lionel de Saint-Exupéry	M / 51-60y	10/25/ 2019	to 06/13/ 2022	10/25/ 2019	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	MBA, the Wharton School of the University of Pennsylvania; Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director, Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	Vice Chairman, CDIB Capital Group; Chairman, CDIB Capital International (USA) Corporation; Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited. Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G..	None	None	None	None
							Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)	Preferred Shares B	(%)						
							0	0.00	0	0.00	0	0.00	0	0.00						

Title	Nationality / Country of Registration	Name	Gender /Age	Date Elected	Term (Note 1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relation	
Director	R.O.C	Jing Hui Investment Co., Ltd.	-	06/14/ 2019	to 06/13/ 2022	04/05/ 2004	0	0	0	0	0	0	0	0	BBA, University of Texas Austin; MBA, University of North Texas; Chief Executive Officer (KSA, Jordan, Kuwait, Malaysia), Al Rajhi Bank, Saudi Arabia; Group Executive Director & CEO, Global Consumer Banking (Singapore), Standard Chartered Bank; Chairman and Chief Executive, GE North East Asia & President, GE Capital Asia & Head of M&A, GE Asia Pacific & Chief Executive, GE Australia and New Zealand, General Electric (GE); Director, Standard Chartered Bank PLC; Director, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad.	Director, Al Rajhi Bank, KSA; President & CEO, China Development Financial Holding Corporation; Director, China Life Insurance Co., Ltd.	None	None	None	None
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
Director	R.O.C	Chi Jie Investment Co., Ltd.	-	06/14/ 2019	to 06/13/ 2022	04/05/ 2004	917,249	0	917,249	0	0	0	0	0	Masters of Mathematics, University of Waterloo, Canada; Chief Actuary & Chief Financial Officer, Jarkarta, Indonesia, Sewu NYL; Chief Financial Officer & Deputy Chief Executive Officer, Manila, Philippines, NYLIP; Deputy Chief Executive Officer, Taipei, Taiwan, NYLIAC; General Manager, Beijing, China, Huatai Life; Regional President, Asia Pacific, Hong Kong, ACE life; Regional General Manager, Asia Pacific, Life & Health Operations, Singapore, ALLIANZ SE; Chief Executive Officer, Bangkok, Thailand, AIA; Regional Chief Executive Officer, Singapore, Tokio Marine Asia.	Chairman, China Life Insurance Co., Ltd	None	None	None	None
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
Director	Malaysia	Representative Tham Saloon	M / 51-60y	12/27/ 2021	to 06/13/ 2022	12/27/ 2021	0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						
							0	0	0	0	0	0	0	0						

Title	Nationality / Country of Registration	Name	Gender	Date Elected	Term (Years) (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Preferred Shares B	(%)			Title	Name	Relation	
Director	R.O.C.	Jing Hui Investment Co., Ltd.	-	06/14/ 2019	to 06/13/ 2022	04/05/ 2004	10,000,000	0.07	180,000,000	1.05	0	0.00	0	0.00	LL.M. of National Taiwan University; E.M.B.A. of National Chengchi University; Assistant, criminal panel of Taipei District Court; Attorney, Lee, Tsai & Partner; Attorney, Jones Day (Taipei Office); Manager, Legal Department of Yuanta Financial Holding Co., Ltd. Director, Praxair Chemax Semiconductor Materials Co., Ltd.; Partner, Zhong Yin Law Firm (Taipei); Supervisor, Chung Ying Consulting Co., Ltd. Independent Director, Daily Polymer Corporation; Chairman, Shan Ying Co., Ltd.	Director & EVP, CDIB Capital Group; Director, Connection Consulting Co., Ltd.; Director, Ensurya Technology & Solution Co., Ltd.; Director, GPCC Development Corp. Director, China Development Financial Holding Foundation. Director, China Life Insurance Co., Ltd.; Director, KGI Charity Foundation.	None	None	None	None
		Representative Shan-Jung Yu	F / 41-50y	06/24 2019	to 06/13/ 2022	06/24/ 2019	0	0.00	0	0.00	0	0.00	0	0.00						

Title	Nationality /Country of Registration	Name	Gender /Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when ElectedP		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)			Title	Name	Relatio n	
Director	R.O.C	Paul Yang	M / 51-60y	06/14/ 2019	to 06/13/ 2022	05/04/ 2009	24,456,647	0.16	25,069,738	0.15	0	0.00	0	0.00	M.B.A., Harvard University; M.S. in Mechanical Engineering, Massachusetts Institute of Technology; Senior management consultant, Boston Consulting Group; Executive director, Goldman, Sachs & Co.; Managing director & Head, Private Equity and Mezzanine Finance, DBS Bank; Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Senior Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Chairman, CDIB Capital International Corporation; Director, President & CEO, China Development Industrial Bank (renamed CDIB Capital Group); President & CEO, China Development Financial Holding Corporation.	Director, CDIB Capital Group; Partner & Head of Greater China, KKR Asia Limited; Director, Henwell Limited; Director, Henning Limited; Non-executive Director, Beijing Capital Grand Limited; Director, SUISHOU Technology Holding Inc. Legal Representative & Executive Director, Kareway Health Investment Group; Director, Asian Equity Limited. Director, DHC One Dalton (HK) Limited; Director, Blue Light (HK) Trading Co., Limited.; Director, Taiwan Mergers & Acquisitions And Private Equity Council; Director, Scholarship Foundation of the Harvard Club of the ROC; Director, Carlton Holdings (Cayman) Limited.	None	None	None	None

Title	Nationality / Country of Registration	Name	Gender /Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when ElectedP		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)			Title	Name	Relation	
Independent Director	R.O.C	Hsiou-Wei Lin	M / 51-60y	06/14/ 2019	to 06/13/ 2022	05/16/ 2016	0	0.00	0	0.00	30,237	0.00	0	0.00	Ph.D. in Business, Stanford University, U.S.A.; General Convener, Accounting and Finance Field Committee, Ministry of Science and Technology; Independent Supervisor, GO-IN Engineering Co., Ltd.; Independent Director, MStar Semiconductor, Inc.; Director, Bank of Overseas Chinese; Commissioner, Public Service Pension Fund Board; Commissioner, National Financial Stabilization Fund Committee, Chairman of Department of International Business, National Taiwan University, Dean of Management College, Tunghai University. Independent Director, KGI Bank Co., Ltd.; Advisory committee member, Accounting and Finance Field Committee, Ministry of Science and Technology; Member of the Mid-/Long-term Capital Committee, National Development Council; Member of National Development Fund Investment Review Committee; Director, GO-IN Foundation; Executive Director, Banking Education Association of Taiwan.	Professor of Department of International Business and Professor of the Department of Accounting, National Taiwan University; Committee Member of Public Servant and Teacher Insurance Supervisory Committee; Executive Director, Taiwan Finance Research Association; Director, Taiwan Association of Board Governance. Independent Director, Committee member of Audit Committee, and Committee member of Remuneration Committee, AFASOR Corporation. Supervisor, Greater China Finance and Economic Development Association.	None	None	None	None

Title	Nationality / Country of Registration	Name	Gender /Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when ElectedP		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Common Shares	(%)			Title	Name	Relation	
Independent Director	R.O.C	Tyzz-Jun Duh	M / 61-70y	06/14/ 2019	to 06/13/ 2022	06/14/ 2019	0	0.00	0	0.00	0	0.00	0	0.00	Postdoctoral researcher, Graduate Institute of Environmental Resources Engineering, State University of New York, USA; Ph.D. Department of Forestry, National Taiwan University; Director General, Department of Commerce; Director General, Department of Industrial Technology; Ministry of Economic Affairs; Director General, Industrial Development Bureau, Ministry of Economic Affairs; Vice Minister, Minister; Ministry of Economic Affairs; Minister, Vice Premier; Executive Yuan; Minister, National Development Council; Adjunct associate professor, Dept. of Business Administration, Soochow University;	Independent Director, CDIB Capital Group; Policy Advisor, Taiwan Electrical & Electronic Manufacturers' Association; Chief Consultant, Taiwan Transportation Vehicle Manufacturers' Association; Independent Director, USI Corporation; Independent Director, Macromix International Co., Ltd.; Director, Fair Winds Foundation; Vice Chairman, San Code Foundation; Director, Shinfox Energy Co., Ltd.; Chief Consultant, Chinese National Federation of Industries.	None	None	None	None
Independent Director	R.O.C	Hsing-Cheng Tai	M / 61-70y	06/14/ 2019	to 06/13/ 2022	06/14/ 2019	0	0.00	0	0.00	0	0.00	0	0.00	MA, Department of Finance, National Taiwan University; Partner, Ernst & Young;	Independent Director, KGI Securities Co. Ltd.; Independent Director, Hotel Royal Chihpen; Independent Director, Tripod Technology Corporation; Director, EY Cultural and Educational Foundation; Vice Chairman, Chinese Tax Agent Association; Vice Chairman, Taipei Tax Agent Association; Chair, International Affairs Committee, National Federation of CPA Association of the R.O.C.	None	None	None	None

Note 1: Duration for the 7th term of the Board: from June 14, 2019 to June 13, 2022.

Note 2: Where the chairman of the board of directors and the president, or a person of an equivalent post at the Company (the most senior manager), are the same person, spouses or relatives within the first degree of kinship, related information must be provided, stating the reasons, legitimacy, necessity, and the specific response measures being taken to justify such an arrangement (e.g. increasing board seats for independent directors; ensuring a majority of directors do not serve concurrently as an employee or manager, etc.)

Note 3: Not served as director between February 17, 2013 and October 26, 2014.

Chart 1: Major shareholders of the institutional shareholders

March 31, 2022

Name of Institutional Shareholders	Major Shareholders	Percentage
Chi Jie Investment Co., Ltd.	Hen-Yu, Chen	99.99
Jing Hui Investment Co., Ltd.	Shin Wen Investment Co., Ltd.	100.00
GPPC Chemical Corp.	Grand Pacific Petrochemical Corp.	100.00

Chart 2: Major shareholders of the Company's major institutional shareholders

March 31, 2022

Name of Institutional Shareholders	Major Shareholders	Percentage
Shin Wen Investment Co., Ltd.	Wei Hung Investment Co., Ltd.	100.00
Grand Pacific Petrochemical Corp.(Note)	KGI Securities Co., Ltd.	5.52
	Chung Kwan Investment Co., Ltd.	3.12
	Jing Kwan Investment Co., Ltd.	2.24
	Chang Chen-lin	1.70
	China Life Insurance Co., Ltd.	1.58
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONALEQUITY INDEX FUNDS	1.41
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.24
	Shin Wen Investment Co., Ltd.	1.10
	Chiu Te-Fu	0.89
	LSV Emerging Markets Equity Fund, LP	0.89

Note: as of March 22, 2022

3.2.2 Directors (II)

1. Disclosure of information on the professional qualifications of directors and the independence of independent directors

Criteria Name		Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Compani es in Which the Individua l is Concurre ntly Serving as an Independ ent Director

Chairman Chi Jie Investment Co., Ltd. Representative Chia-Jueh Chang	● He has been the Chairman of the Board of Directors of the Company since May 2016. Prior to that, he served as an associate professor and professor at National Jiaotong University, National Taiwan University, Director of the Institute of Transportation Research of national Jiaotong University, Director of the Transportation Research Institute of the Ministry of Communications of the Republic of China, Executive Vice Minister of the Ministry of Communications, President of Chung Hwa University, Resident Supervisor of China Development Industry Bank Corporation (renamed China Development Capital Corporation), Resident Supervisor, Managing Director, Vice Chairman of China Development Finance Holdings, Chairman of China Iron and Steel Corporation, China Airlines Corporation, Chairman of the Board of Directors, Minister of Economy, Chairman of China Development Industry Bank Corporation (renamed China Development Capital Corporation), Chairman of China Development Capital Corporation, and other positions. During his tenure, Mr. Chia-Jueh Chang completed the acquisition of KGI Bank and prompted the restructuring to be renamed China Development Capital. Subsequently, Mr. Chia-Jueh Chang was more active in planning public takeover of Chinese Life, laying a solid foundation for future sustainable development with the four major engines by life insurance, commercial banking, securities and venture capital/private equity of China Development Financial Holdings; he is currently a member of the Sustainability Committee and a member of the Ethical Corporate Management Committee of China Development Financial Holdings Corporation; he has financial control, Securities and Insurance, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, Information Technology, International Experience and other industry experience, professional ability and practical experience. ● Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Non-directors and supervisors of the Company or its affiliated companies (except if the company and its parent company, subsidiaries, or subsidiaries of the same parent company are independent directors established in accordance with the Securities and Exchange Act or the laws of the local country, this is not the case). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Vice Chairman GPPC Chemical Corp. Representative Lionel de Saint- Exupéry	● Experience: Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director and Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director & CEO, CDIB Capital Group; Director, Prime Express International Limited; Director, Prime Express Holdings Limited; Director, Jintex Corporation Ltd.; Director, Saint-Exupéry Properties Limited; President, CDIB Capital International (USA) Corporation; President, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital International (Korea) Corporation; Director, Asia Interactive Media Limited; Director, Greenroom Inc. Lionel is now Vice Chairman of CDF and CDIB Capital Group, as well as President and Co-CEO of CDIB Capital International, which he established investment platform of CDIB Capital International in 2006. He also serves as business supervisor and sits on the Board of Directors of a number of the Group's overseas subsidiaries. His professional and international experience spans across securities and insurance, private equity and venture capital investment, execution and strategic planning, risk management, financial services, corporate governance. Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 2. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 3. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 4. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 5. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 6. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Director Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini	● Former Chairman and Chief Executive of GE North East Asia, GE Capital Asia President, GE Asia Pacific Head of M&A, GE Australia and New Zealand Chief Executive, Standard Chartered Bank Global Consumer Banking (Singapore) Group Executive Director & CEO, Standard Chartered Bank PLC Director, Al Rajhi Bank, Saudi Arabia Chief Executive Officer (KSA, Jordan, Kuwait, Malaysia), Al Rajhi Bank, Saudi Arabia Directors, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad Director, and other positions, with more than 34 years of service experience in large multinational financial institutions and enterprises; currently Director, Al Rajhi Bank, KSA, Director, China Life Insurance Co., Ltd., China Development Financial Holding Co., Ltd. serves as President & CEO, a member of the Corporate Social Responsibility Committee and Risk Management Committee; has deep industry experience, professional ability and practice in Holding Company, Commercial Banking, Securities and Insurance, PE / VC Investment, Execution & Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, Information Technology, and International Experience. ● Comply with Article 9 Paragraph 1 and Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 2. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 3. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 4. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 5. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 6. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 7. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Director Chi Jie Investment Co., Ltd. Representative Tham Saloon	● Former Chief Actuary and Chief Financial Officer of New York Life (Indonesia), Chief Financial Officer and Deputy Chief Executive Officer of New York Life (Philippines), Deputy Chief Executive Officer of New York Life (Taiwan), General Manager of Huatai Life (China), And ACE Life Insurance Group (Hong Kong) Asia-Pacific President, Allianz Group (Singapore) Asia-Pacific General Manager, AIA Life (Thailand) CEO, Tokio Marine (Singapore) Asia-Pacific CEO for 23 years, he has professional qualifications such as a full member of the American Society of Actuaries, a full member of the Canadian Society of Actuaries, a member of the North American Institute of Actuaries, and a life insurance planner in the United States; he is currently the chairman of China Life Insurance Co., Ltd., a member of the Corporate Social Responsibility Committee and a member of the integrity management. Committee member; has deep industry experience, professional ability and practical experience in Securities and Insurance, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, and International Experience. ● Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 3. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 4. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 5. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 6. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Director Jing Hui Investment Co., Ltd. Representative Shan-Jung Yu	- Previously served as a judge's assistant in the Criminal panel of the Taipei District Court, Attorney of Lee, Tsai & Partner, Attorney, Jones Day (Taipei Office), a manager of the legal department of Yuanta Financial Holdings Co., Ltd., a director of Praxair Chemax Semiconductor Materials Co., Ltd.; Partner of Zhong Yin Law Firm (Taipei); Supervisor of Chung Ying Consulting Co., Ltd., Independent Director of Daily Polymer Corporation, Chairman of Shan Ying Co., Ltd. etc with 20 years of experience in legal affairs, familiar with banking law, business law, legal business and other affairs, with industrial experience, professional ability and practical experience in Holding Company, Securities and Insurance, PE and VC Investment, Execution and Strategic Planning, Risk Management, Corporate Governance, and International Experience, Lawyer qualifications. - Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". - Not been a person of any conditions defined in Article 30 of the Company Law.	- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. - Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). - Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. - Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) - Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) - Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

● Paul Yang is currently working for KKR Asia Limited as a partner and the CEO of Greater China. Before joining China Development Financial Holdings Group, he was a managing director of DBS Bank (DBS), responsible for the bank's private equity business in Asia, and was in charge of direct investment business at Goldman Sachs Securities, in New York and Hong Kong, and then served as ICG Asia Ltd managing Director, also worked for General Atlantic Partners and Boston Consulting Group. He used to be the general manager of China Development Financial Holdings, the general manager of China Development Industrial Bank and the chairman of China Development Capital International. During his tenure as the general manager of China Development Financial Holdings, he successfully transformed China Development Bank into a regional asset manager. He is currently in charge of KKR's investment business in Greater China, with an asset management scale of over US\$5 billion, covering industries such as digital economy, healthcare, education and advanced manufacturing. The investment extend to commercial real estate, private debt, infrastructure and technological innovation. After taking office in 2017, KKR has been voted by Private Equity International as the Best Private Equity Investment Institution of the Year in China for three consecutive years. Possess industry experience, professional ability and practical experience in Holding Company, Commercial Banking, Securities and Insurance, PE and VC Investment, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, and International Experience. ● Comply with Article 9 Paragraph 1 Subparagraph 1, Article 9 Paragraph 3 and Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	● Paul Yang is currently working for KKR Asia Limited as a partner and the CEO of Greater China. Before joining China Development Financial Holdings Group, he was a managing director of DBS Bank (DBS), responsible for the bank's private equity business in Asia, and was in charge of direct investment business at Goldman Sachs Securities, in New York and Hong Kong, and then served as ICG Asia Ltd managing Director, also worked for General Atlantic Partners and Boston Consulting Group. He used to be the general manager of China Development Financial Holdings, the general manager of China Development Industrial Bank and the chairman of China Development Capital International. During his tenure as the general manager of China Development Financial Holdings, he successfully transformed China Development Bank into a regional asset manager. He is currently in charge of KKR's investment business in Greater China, with an asset management scale of over US\$5 billion, covering industries such as digital economy, healthcare, education and advanced manufacturing. The investment extend to commercial real estate, private debt, infrastructure and technological innovation. After taking office in 2017, KKR has been voted by Private Equity International as the Best Private Equity Investment Institution of the Year in China for three consecutive years. Possess industry experience, professional ability and practical experience in Holding Company, Commercial Banking, Securities and Insurance, PE and VC Investment, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, and International Experience. ● Comply with Article 9 Paragraph 1 Subparagraph 1, Article 9 Paragraph 3 and Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 3. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 4. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 5. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 6. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 9. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Independent Director Hsiou-Wei Lin	● Served as the general convener of the Finance and Accounting Department of the Ministry of Science and Technology, the independent supervisor of Gaoyi Engineering, the Independent Director of Morningstar Semiconductor, the Director of Oversea-Chinese Banking Corporation, the Committee member of the Retirement Fund Committee, the Committee Member of the National Financial Stabilization Fund, Associate Dean of Student Affairs of National Taiwan University, Chairman of Department of International Business of National Taiwan University, Dean of the College of Management of Donghai University, Independent Director of KGI Bank, Committee Member of the Mid-/Long-term Capital Committee of National Development Council, Committee Member of National Development Fund Investment Review Committee, Advisory Committee Member of Accounting and Finance Field Committee, Ministry of Science and Technology, Director of Banking Education Association of Taiwan. He is currently a Professor of the Department of International Business and the Department of Accounting of National Taiwan University, a Committee Member of the Public Servant and Teacher Insurance Supervisory Committee, an Executive Director of the Taiwan Finance Research Association, a Director of the Taiwan Association of Board Governance, a Committee Member of the Public Service Pension Fund Management Board, an Independent Director, a Committee Member of the Audit Committee and Remuneration Committee of AFASTOR Co., Ltd., and a Committee Member of the Audit Committee, Remuneration Committee, Risk Management Committee and Ethical Corporate Management Committee of China Development Finance Holdings Corporation. He has professional capabilities and practical experience in Holding Company, Commercial Banking, Securities and Insurance, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, etc ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1

Independent Director Tyzz-Jiun Duh	● He used to be the director of the Commerce Department of the Ministry of Economic Affairs, the director of the Technology Department, the director of the Industrial Bureau, the deputy minister of the Ministry of Economic Affairs, the minister of the Ministry of Economic Affairs, the executive council member and the vice president of Executive Yuan, the chairman of the National Development Committee, and the adjunct associate professor of the Department of Business Management of Soochow University, etc. He has more than 15 years of administrative management experience; he is also currently a policy consultant of the Taiwan Electrical and Electronics Industry Association, the highest consultant of the Taiwan Vehicle Industry Association, the Chief consultant of the Chinese National Federation of Industries of the Republic of China, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee of China Development Finance Holdings Corporation., familiar with the general situation of the industrial and commercial industry and economic development trends; have industry experience, professional ability of Holding Company, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Corporate Governance, Information Technology, International Experience, etc.. ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	2 1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Independent Director Hsing-Cheng Tai	● He used to be a partner of Ernst & Young CPA firm for more than 32 years. He is currently a director of Ernst & Young Cultural and Educational Foundation, the vice chairman of the Chinese Tax Agents Association, the vice chairman of the Taipei Tax Agents Association, and the general manager of the Republic of China Certified Public Accountants Association. Chairman of the International Affairs Committee of the Federation, a member of the Audit Committee, Remuneration Committee, CSR Committee, Risk Management Committee and Ethical Corporate Management Committee of China Development Finance Holding Company, specializing in finance, financial and accounting and corporate operations Management and other practical experience; with Commercial Banking, Securities and Insurance, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership and other industry experience, professional ability and practical experience. ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	2

Note 1: Professional qualifications and experience: describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether they have not there are various matters in Article 30 of the Company Act.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by relatives (or in the name of others); whether they serve as a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Complied with in Public Offering Companies) Directors, supervisors or employees; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

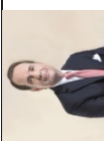
2. Board Diversity and Independence :

(1) Diversity of the Board of Directors:

Skill Matrix of Board of Directors:

CDF's Board election, comply with the Article 16 of the Articles of Incorporation, is adopting a nomination system. In order to promote the sound development of the structure and functions of the Board of Directors, the Company's Corporate Governance Best Practice Principles has established clear guidelines in the selection of Board members. Besides mandating that the seats of directors who concurrently serve in managerial positions at the Company can not account for a too high proportion of all Board members, the selection of directors should take into account the "basic conditions" of directors in terms of their own operation, business model and development needs (including gender, age, nationality, culture and race, etc.), as well as the diversity of professional knowledge and skills (including professional background, professional skills and industry experience), and in order to achieve the ideal goal of corporate governance, it is desirable that directors generally have the necessary knowledge, skills and abilities to perform their duties (including operational judgment ability, accounting and financial analysis ability, operating management ability, crisis management ability, industry knowledge, international market outlook, leadership ability, decision making ability and risk management knowledge and ability); at the same time, in order to ensure that independent directors objectively exercise their duties, the independent directors of the Company should not serve more than three consecutive terms. In order to realize the principle of diversity in the Company, the diversification objectives of the members of the Board of Directors are planned as follows: (1) at least one director with industry experience in banking, securities/insurance and venture capital; (2) the number of Directors serving concurrently as the Company's managerial officers is no more than one-third of all Directors; (3) no less than one woman; (4) at least three independent directors in the fields of marketing and strategic planning, risk management, finance/financing, corporate governance, business and marketing, information technology, and international experience; and (5) the independent directors of the Company should not serve more than three consecutive terms.

The Company's directors serve a term of 3 years and the 7th-term Board began on June 14, 2019 and will end on June 13, 2022. There are currently 9 directors, including 3 independent directors and 1 natural person director. The number of independent director seats amounts to 33.33% of the Board of Directors and the number of consecutive terms of office of the 3 independent directors does not exceed 3. 3 directors concurrently serve as managers of the Company or its subsidiaries (33.33% of the number of directors); 3 of the 9 directors are foreign nationals, 1 is a female director, the average age is about 59 years, and the average term of office is 5.1 years. Board members come from a diversified background, including financial, industrial, and academic sectors, and have abundant practices in operations and management, as well as ample international experiences, professional knowledge, skills, and accomplishments. The composition of the Board of Directors is in line with the diversification objectives disclosed above, and the actual situation is as follows:

Title/ Name	Photos	Tenure (years)	Diversity Standards												Committee						
			Basic profile				Industry experience				Professional knowledge/skill										
			Gender/Nationality				Holding Company	Commercial Banking	Securities / Insurance	PE and VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership	Information Technology	International Experience			
			41-50	51-60	61-70	71- and above	Age														
Chairman Jie Chi Investment Co., Ltd. Representative Chia-Juch Chang		14y 1 m	M / R. O. C.					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Vice Chairman GPPC Chemical Corp. Representative Lionel de Saint-Exupéry		2y 6m	M / F R A N C E		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini		1y 5m	M / U S A		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director Jie Chi Investment Co., Ltd. Representative Tham Saloon		3 m	M / M A L A		✓																

in (2) and (3).

5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.
6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

According to the Securities and Exchange Act, independent directors must comply with the conditions for independence above. The number of independent directors shall be no less than 2 and shall account for no less than one fifth of the total number of directors. Article 16.1 of the Articles of Association of the Company stipulates that the number of independent directors of the Company shall not be less than 3 and shall not be less than one-fifth of the number of directors. The 7th-term Board began on June 14, 2019 and will end on June 13, 2022. There are currently 9 directors, including 3 independent directors and 1 natural person director. The number of independent director seats amounts to 33.33% of the Board of Directors and the number of consecutive terms of office of the 3 independent directors does not exceed 3 years. The independent directors of the Company are appointed by professionals from different industries. The number of independent directors of the Company shall not be less than one-fifth of the number of director seats, which meets the requirements of Article 14.2.1 and Jin-Guan-Zheng-Fa's Letter No. 1020053112 on expanding the scope of mandatory establishment of independent directors.

The current independent directors all meet the double-hatting limitations set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and do not hold more than three concurrent positions as Independent Directors of other TWSE/TPEx listed companies.

Current independent directors do not violate the provisions of Article 14.2.4 of the Securities and Exchange Act, do not violate the qualifications of independent directors pursuant to Article 14.2.2 of the Securities and Exchange Act, and do not violate the provisions of Article 27 of the Companies Act on being elected with status of the government, legal persons or their representatives.

Current directors do not violate the provisions of Articles 26.3.3 and 26.3.4 of the Securities and Exchange Act, and do not a spouse or a relative within the second degree of kinship to any other director.

Current director do not violate the provisions of Article 14.2.4 of the Securities and Exchange Law, and do not have events set forth in the provisions of Article 30 of the Companies Act.

3.2.3 Management Team

March 31, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
President	USA	Stefano Paolo Bertamini	M	2020.11.04	4,159,388 56,378	0.02 0.00	0 0	0.00 0.00	0 0	0.00 0.00		MBA, University of North Texas CEO of Al Rajhi Bank BBA, University of Texas Austin	Director of China Life Insurance Co., Ltd. Director of Al Rajhi Bank, KSA	-	-	-	-
Executive VP	R.O.C	Daw-Yi Hsu	M	2020.11.04	2,549,189 0	0.01 0.00	2,800,000 0	0.02 0.00	0 0	0.00 0.00		MBA, The Ohio State University Acting President of CDF and Chairman of KGI Securities	Chairman of KGI Securities Co. Ltd. Director of KG Investments Holdings Limited Director of CDIB Capital Management Corp. Director of Richpoint Company Limited	-	-	-	-
Executive VP	R.O.C	Mark Wei	M	2019.02.01	37,329 0	0.00 0.00	100,000 0	0.00 0.00	0 0	0.00 0.00		MBA, The George Washington University Chairman of KGI Bank	Chairman of KGI Bank	-	-	-	-
General Counsel Executive VP	R.O.C	Julian Yan	M	2015.05.01	1,703,581 0	0.01 0.00	0 0	0.00 0.00	0 0	0.00 0.00		MBA, MIT LLM, University of Michigan EVP of CDF and KGI Securities	Director of KGI Asset Management Limited Director of KGI Securities (Singapore) Pte. Ltd. Director of KGI Securities (Thailand) Public Company Limited EVP of KGI Securities Director of KGI Bank Director of CDIB Capital Management Corp. Supervisor of CDIB Yida Private Equity (Kunshan) Co. Ltd. Supervisor of CDIB Private Equity (Fujian) Co., Ltd. Supervisor of CDIB Capital Creative Industries Ltd.	-	-	-	-
Chief Financial Officer Executive VP	R.O.C	Jenny Huang	F	2020.05.18	1,306,916 0	0.01 0.00	0 0	0.00 0.00	0 0	0.00 0.00		Bachelor of Accounting, National Taiwan University EVP of KGI Securities	EVP of KGI Securities Director of KGI Asia Limited Director of KGI Capital Asia Limited Director of KGI Finance Limited Director of KGI Hong Kong Limited Director of KGI International (Hong Kong) Limited Director of KGI International Finance Limited Director of KGI International Holdings Limited Director of KGI International Limited Director of KGI Investments Management Limited Director of KGI Limited	-	-	-	-
Chief Digital Officer Executive VP	UK	Ketan Samani	M	2020.09.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00		Bachelor in Management and Systems, The City University, London Chief Digital Officer of UBS Wealth Management, Singapore	Director of KGI Securities (Thailand) Public Company Limited Director of Digital Nomade Pte. Ltd. Partner of Studio-ID LLP	-	-	-	-
Chief Marketing Officer Executive VP	Argentina	Gabriel Heredia	M	2021.02.17	97,454 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00		Bachelor of Science in Communication, University of Miami Group Chief Marketing Officer of First Abu Dhabi Bank	-	-	-	-	-
Chief Strategy & Corporate Development Officer Executive VP	Philippines	Raymund Reyes	M	2021.02.19	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00		MBA, Fordham University Advisor of Warburg Pincus	CDIB Capital International (Hong Kong) Corporation Ltd., Managing Director Macarthur Avenue Investments, Owner	-	-	-	-
Information Technology Dept. Executive VP	HK, China	Terence Yeung	M	2021.03.08	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00		EMBA, University of Chicago Booth School of Business Chief Fintech Officer & Head of Business, MoneySQ.com and TrustME, Hong Kong	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
Group Data & Analytics Office Executive VP	UK	Samar Kumar	M	2021.03.29	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Science in Computing, Northumbria University Global Head of Analytics and Data Management, Standard Chartered Bank	-	-	-	-	-
Chief Risk Officer Executive VP	USA	David Thomas	M	2021.07.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Arts in History, Whitman College Chief Risk Officer, CIMB Group Malaysia	-	-	-	-	-
Chief Operating Officer Executive VP	R.O.C	Morris Lin	M	2021.06.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, Santa Clara University EVP of Ping An Insurance Group	Chairman of China Development Asset Management Corporation	-	-	-	-
Information Security Dept. Executive VP	R.O.C	Richard Sun	M	2019.01.01	65,668 59,922	0.00 0.00	16,699 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Taiwan University EVP of CDF	-	-	-	-	-
Secretariat, Board of Directors Executive VP	R.O.C	Vincent Hung	M	2020.08.01	2,357,315 0	0.01 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Information Management, Fu Jen Catholic University VP of CDF	EVP of CDIB Capital Group	-	-	-	-
Internal Audit Dept. Executive VP	R.O.C	Hans Tzou	M	2018.11.15	580,077 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, National Chengchi University EVP of CDF and CDIB Capital Group	-	-	-	-	-
Chief Auditor Compliance Dept. Executive VP	R.O.C	Fleur Tsai	F	2021.09.09	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, National Chung Hsing University FVP of Fubon Financial Holding	-	-	-	-	-
Acting Chief HR Officer Executive VP	R.O.C	Melody Chen	F	2022.03.28	50,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of Nottingham, UK Chief HR Officer of HSBC Bank	-	-	-	-	-
Executive VP	Singapore	Reddy Wong	M	2009.03.30	920,585 0	0.01 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A., National University of Singapore MD of CDIB Capital Limited	Director of Global Treasure Investments Limited Director of KG Investments Holdings Limited Director of KGI Asia (Holdings) Pte. Ltd. Director of KGI Asia Limited Director of KGI Asset Management Limited Director of KGI Capital Asia Limited Director of KGI Finance Limited Director of KGI Futures (Hong Kong) Limited Director and MD of KGI Hong Kong Limited Director of KGI International (Hong Kong) Limited Director of KGI International Finance Limited Director of KGI International Holdings Limited Director of KGI International Limited Director of KGI Investments Management Limited Director of KGI Limited Director of KGI Nominees (Hong Kong) Limited Director of KGI Securities (Singapore) Pte. Ltd.	-	-	-	-
Executive VP	R.O.C	Josephine Yang	F	2016.03.08	8,448 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Taiwan University EVP of CDF	-	-	-	-	-
Executive VP	R.O.C	Andy Lin	M	2019.03.28	0 0	0.00 0.00	822,739 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Financial Management, National Central University EVP of CDF and KGI Bank	Director of CDIB International Leasing Corp. Director of CDIB Capital Management Corp. Director of NEXT Bank Director and President of CDC Finance & Leasing Corp.	-	-	-	-
Executive VP	R.O.C	Richard Chang	M	2019.06.14	7,079,645 0	0.04 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of Chicago President of KGI Bank	Director of CDIB Capital Management Corp. Director of Modest Benefits Taiwan E Chain Co., Ltd. Director of TBCA Soft, Inc.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
Executive VP	R.O.C	Jamie Huang	M	2020.07.01	0 0	0.00 0.00	154,950 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Finance, National Taiwan University EVP of KGI Bank	Director of CDIB Capital Group	-	-	-	-
Executive VP	R.O.C	Ivy Aoh	F	2021.03.22	149,354 0	0.00 0.00	194,080 50,000	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A., National Cheng Kung University EVP of KGI Bank	EVP of KGI Bank	-	-	-	-
Executive VP	HK, China	Alby Lee	F	2021.07.12	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of British Columbia, Canada HSBC, Asia Pacific International, Head of Operations	-	-	-	-	-
Executive VP	USA	Patrick C Lin	M	2021.08.01	1,528,812 0	0.01 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Science, Stanford University KGI Hong Kong Limited, Head of FI	Director of KGI Asia Limited Director of KGI International (Hong Kong) Limited Director of KGI Limited MD of KGI Hong Kong Limited EVP of KGI Bank	-	-	-	-
Executive VP	R.O.C	Jeff Hsu	M	2021.08.01	50,684 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of Reading, UK EVP of KGI Bank	-	-	-	-	-
Executive VP	Singapore	Winifred Dente	F	2022.03.28	85,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Management, Singapore Institute of Management Country Human Resources Head of Citi Taiwan	-	-	-	-	-
Executive VP	R.O.C	James Meng	M	2010.01.25	607,915 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Finance, National Taiwan University EVP of CDIB Capital Group	Chairman of CDC Finance & Leasing Corp.	-	-	-	-
Executive VP	R.O.C	Frances Tsai	F	2014.09.15	90,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Taiwan University Senior VP of Citibank	EVP of CDIB Capital Group Supervisor of CDIB Capital Healthcare Ventures Ltd. Director of CDIB Venture Capital Corp. Supervisor of CDIB Capital Management Corp. Supervisor of CDIB Capital Creative Industries Ltd. Director of CDIB Capital International (Hong Kong) Corporation Limited Director of CDIB Capital International Corp. Director of CDIB Capital Investment I Ltd. Director of CDIB Capital Investment II Ltd. Director of CDIB Global Markets Ltd. Director of CDIB Private Equity (Hong Kong) Corporation Limited Director of CDIB Venture Capital (Hong Kong) Corporation Limited	-	-	-	-
Executive VP	R.O.C	Kiki Shih	F	2015.05.01	1,260,657 0	0.01 0.00	405,135 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Accounting, National Taiwan University SVP of CDF	Supervisor of CDIB International Leasing Corp. Director of China Development Asset Management Corp. Supervisor of CDIB Management Consulting Corp.	SVP	Seven Ching	Spouse	-
Executive VP	R.O.C	Marisol Wang	F	2017.07.01	90,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, Soochow University SVP of CDF and CDIB Capital Group	EVP of CDIB Capital Group Supervisor of CDIB Private Equity (China) Corp. Supervisor of CDIB Venture Capital Corp. Supervisor of China Development Asset Management Corp. Supervisor of CDIB Yida Private Equity (Kunshan) Co.Ltd EVP of KGI Bank Director of CDC Finance & Leasing Corp.	-	-	-	-
Executive VP	R.O.C	Chris Sun	M	2017.09.01	412,114 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Accounting, National Chengchi University SVP of CDF and KGI Bank	-	-	-	-	-
Executive VP	R.O.C	Michael Chang	M	2018.06.01	180,344 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, Harvard University SVP of CDF and CDIB Capital Group	EVP of KGI Bank Supervisor of CDIB Innovation Accelerator Co., Ltd. Supervisor of Suyin KGI Consumer Finance Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Title	Name	Relations	
Executive VP	R.O.C	Teresa Li	F	2020.06.01	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	-	-	-	-
Executive VP	R.O.C	Jill Liu	F	2020.12.01	335,477	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	EVP of KGI Securities Supervisor of KGI Venture Capital Co., Ltd. Supervisor of KGI Information Co., Ltd.	-	-	-
Executive VP	India	Anil Pathak	M	2021.02.17	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, Vikram University Head of Marketing, Al Rajhi Bank B.B.A, Michigan Baker College SVP of Digital, Data & Technology, Cathay Financial Holdings	-	-	-
Executive VP	Singapore	Jacqueline Tan	F	2021.03.23	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, INSEAD Executive Director of DBS Bank Master of International Affairs, University of California, San Diego Banking Affairs/Public Flag Affairs & Government Affairs Secretary of Citi Taiwan	-	-	-
Executive VP	R.O.C	April Pan	F	2021.08.16	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	-	-	-	-
Executive VP	R.O.C	Christy Lin	F	2021.05.01	1,187,696	0	0.01 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Director of GPPC Development Corp. Director of CDIB Capital International (USA) Corporation Director of CDIB Capital Investment I Limited Director of CDIB Capital Investment II Limited Director of CDIB Global Markets Limited MD of CDIB Capital International Corporation	-	-	-
Executive VP	R.O.C	Sharon Chen	F	2021.07.05	45,000	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Industrial Relations & Personnel Management, London School of Economics and Political Science Roche Products Ltd., People and Culture Lead & APAC Talent Innovation	-	-	-
Executive VP	R.O.C	Vincent Sun	M	2021.08.23	190,962	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Economics, National Chengchi University EVP of KGI Securities	-	-	-
Executive VP	R.O.C	Steve Wang	M	2021.11.19	193,370	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Supervisor of PT KGI Sekuritas Indonesia Supervisor of Ginkgo Hotel Co., Ltd. Director of KGI Venture Capital Co., Ltd Director of KGI Futures Co., Ltd EVP of KGI Securities	-	-	-
Executive VP	R.O.C	Amy Lee	F	2021.08.24	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Economics, Michigan State University DBS Bank, Head of IT Operation & Commercial banking	-	-	-
Executive VP	R.O.C	Greg Lin	M	2022.02.14	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Industrial Design, National Cheng Kung University Chief Designer Officer of Next Bank	-	-	-
Executive VP	Singapore	Kelvin Tay	M	2022.02.22	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	PhD, Loughborough University CIMB Bank, Head of Risk Management	-	-	-
SVP	R.O.C	Lecko Lai	F	2010.05.01	626,649	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, National Taiwan University VP of CDF and CDIB Capital Group	-	-	-
SVP	R.O.C	Alex Hung	M	2014.08.01	70,000	0	0.00 0.00	10,000	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Open College with National Taipei University of Business VP of CDF and CDIB Capital Group	-	-	-

Title	Nationality	Name	Gende	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
SVP	R.O.C	Lian Yin Li	F	2014.08.01	347,384 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Public Policy, Harvard University VP of CDF and CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Sharol Lin	F	2014.11.25	161,487 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, Oklahoma City University SVP of CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Steven Ching	M	2015.05.01	405,135 0	0	0.00 0.00	1,260,657 0	0	0.01 0.00	0	0	0.00 0.00	Master of Accounting, Soochow University SVP of CDIB Capital Group	-	EVP	Kiki Shih	Spouse	-
SVP	R.O.C	Sandra Yao	F	2015.05.01	182,470 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Accounting, National Taiwan University VP of CDF and CDIB Capital Group	SVP of KGI Bank Supervisor of CDC Finance & Leasing Corp.	-	-	-	-
SVP	R.O.C	Joann Tsai	F	2016.05.01	6,210 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Laws, National Taiwan University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Patrick Huang	M	2016.09.01	643,618 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Journalism, Chinese Culture University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Connie Liu	F	2018.08.01	40,000 0	0	0.00 0.00	2,000 0	0	0.00 0.00	0	0	0.00 0.00	MBA, University of West Florida SVP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	David Chi	M	2018.10.01	447,957 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, National Taiwan University SVP of KGI Securities	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Justin Wu	M	2019.05.01	50,230 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, National Chengchi University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Wen Chung Lin	M	2020.05.01	150,018 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, University of Illinois VP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Vivian Tai	F	2020.09.10	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Finance, National Taiwan University Senior Manager of Audit & Assurance, Deloitte & Touche,	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Ken Lin	M	2020.11.16	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	B.B.A., Soochow University VP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Shiao-Chun Chen	F	2020.11.16	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Economics, National Chengchi University VP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Joshua Fu	M	2020.12.01	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Political Science, San Diego State University Creative Ventures Lab, Investor	Creative Ventures Lab, Investor Director of Ako Commerce	-	-	-	-
SVP	R.O.C	Winnie Tsai	F	2021.03.01	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Finance, Tamkang University VP of Wealth Management, Citibank Taiwan	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Chien Ping Lin	M	2021.05.01	331,538 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, National Chengchi University AVP of CDF and CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Bonnie Huang	F	2021.05.01	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, Newport University SVP of KGI Securities	SVP of KGI Securities	-	-	-	-
SVP	R.O.C	Howard Wu	M	2021.05.12	12,000 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, Peking University Co-founder of Tsang Chiung Technology Co., Ltd	SVP of KGI Securities	-	-	-	-
SVP	India	Avinash Menon	M	2021.06.02	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Communication and Media Studies, Middlesex University First Abu Dhabi Bank, VP & Head of marketing	-	-	-	-	-
SVP	R.O.C	Novia Chen	F	2021.06.17	0 0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Graduate Institute of Statistics, National Central University VP of DBS Bank	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
SVP	R.O.C	Justina Chen	F	2021.08.02	0	0	0	0	0	0	0.00	Bachelor of Industrial Management, Chung Hua University GM of Wealth Management, Chen-Du Branch, Ping-An Bank	-	-	-	-	-
SVP	R.O.C	Wendy Ting	F	2021.12.06	0	0	0	0	0	0	0.00	VP of DBS Bank	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Lisa Guo	F	2022.03.03	0	0	0	0	0	0	0.00	Master of Laws, University of Sydney SVP of CDIB Capital Group	VP of CDIB Capital Group Director of CDIB Capital International (USA) Corporation Director of CDIB Global Markets Limited	-	-	-	-
VP	R.O.C	Willy Lu	M	2008.07.01	67,871	0	0	0	0	0	0.00	Bachelor of International Trade, Hsing Wu University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Jessica Chen	F	2012.01.01	45,357	0	0	0	0	0	0.00	Master of Accounting, Pace University of New York AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Wen Chiao Chang	F	2012.01.01	128,349	0	0	0	0	0	0.00	Master of Accounting, National Chengchi University AVP of CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Amy Wang	F	2012.01.01	223,822	0	0	0	0	0	0.00	MBA, National Chengchi University AVP of CDF and Grand Cathay Securities	VP of CDIB Management Consulting Corp.	-	-	-	-
VP	R.O.C	Claire Wang	F	2014.06.01	389	0	0	0	0	0	0.00	Bachelor of Business Mathematics, Soochow University VP of CDIB Capital Group	VP of CDIB Capital Group VP of CDIB Management Consulting Corp.	-	-	-	-
VP	R.O.C	Chih-Shun Wang	M	2014.06.23	157,649	0	0	0	0	0	0.00	MBA, Texas A&M University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Yen Ling Lai	F	2014.11.01	30,464	20,000	0	0	0	0	0.00	MBA, National Chengchi University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Melissa Pan	F	2015.04.01	58,437	0	0	0	0	0	0.00	Bachelor of Accounting, National Chung Hsing University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Hui Ju Huang	F	2015.05.01	4,110	0	0	0	0	0	0.00	Master of Computer Science, University of Southern California VP of CDIB Capital Group	VP of KGI Bank	-	-	-	-
VP	R.O.C	Kevin Hsu	M	2015.05.01	101,544	0	0	0	0	0	0.00	Master of Information Systems, Lawrence Technological University VP of CDIB Capital Group	VP of KGI Bank	-	-	-	-
VP	R.O.C	Eddie Chang	M	2016.01.01	85,555	0	0	0	0	0	0.00	Bachelor of Information Engineering, Feng Chia University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Jerry Li	M	2016.05.01	0	0	0	0	0	0	0.00	Master of Economics, National Taiwan University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Sophia Liou	F	2017.07.01	89,735	0	0	0	0	0	0.00	LLM, National Cheng Kung University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Guangdi Yang	F	2018.03.13	0	0	0	0	0	0	0.00	Master of Arts, New York University VP of Bank SinoPac	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Barry Chen	M	2018.06.01	0	0	0	0	0	0	0.00	Bachelor of Computer Science and Engineering, Tatung University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Winnie Yang	F	2018.06.01	540	0	0	0	0	0	0.00	Bachelor of Accounting, Tunghai University VP of CDF and CDIB Capital Group	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Title	Name	Relations	
VP	R.O.C	Jason Yeh	M	2018.06.12	0	0	0.00 0.00	39 0	0 0	0.00 0.00	0 0	0.00 0.00	MBA, Tamkang University Senior Enterprise Architect Manager of Hewlett Packard Taiwan	VP of KGI Bank	-	-	-
VP	R.O.C	Eveline Lu	F	2018.10.17	37,059 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Shipping and Transportation Management, National Taiwan Ocean University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Vigo Chen	M	2020.04.01	55,000 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Applied Psychology, Fu Jen Catholic University VP of KGI Bank	-	-	-	-
VP	R.O.C	Hui-Yuan Hsiao	M	2020.04.01	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Accounting, Soochow University Director of Risk Technology, Beijing Huatue Information Technology Co., Ltd	VP of KGI Bank	-	-	-
VP	R.O.C	May Chung	F	2020.11.16	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	M.S., University of Illinois at Urbana-Champaign Manager of Wealth Management, Citibank Taiwan	VP of KGI Bank	-	-	-
VP	R.O.C	CJ Lin	F	2021.01.04	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Arts, University of Missouri-Columbia GM of GCEC	-	-	-	-
VP	R.O.C	Petty Wu	F	2021.03.01	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	MB, Chinese Culture University AVP of KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Sally Tseng	F	2021.03.09	25,505 0		0.00 0.00	1,869 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Science, University of London IT Governance with Company Strategic Transformation, Cigna Taiwan	-	-	-	-
VP	R.O.C	Thomas Wang	M	2021.03.15	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Computer Science and Engineering, Tatung University VP of Inst Banking IT Dept., CTBC Bank	-	-	-	-
VP	R.O.C	Chia Hui Lee	F	2014.07.01	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	B.B.A., National Chengchi University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Gina Fang	F	2015.05.01	7,970 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	B.B.A., Soochow University VP of CDIB Capital Group	VP of CDIB Capital Group VP of CDIB Management Consulting Corp.	-	-	-
VP	R.O.C	Bee Jane Hsu	F	2015.06.01	138,614 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Management Science, Tamkang University VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Sandy Lu	F	2015.09.01	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Foreign Languages and Literatures, National Chung Hsing University Manager of HSBC	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Ya-shin Liu	F	2016.05.01	419 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Accounting, National Cheng Kung University AVP of CDF	VP of KGI Bank	-	-	-
VP	R.O.C	Will Chang	M	2016.12.01	0 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Information Management, National Central University VP of KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Wen-Chi Yu	F	2016.12.01	17 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Finance, Takming University of Science and Technology VP of KGI Bank	-	-	-	-
VP	R.O.C	Paul Yen	M	2017.07.01	51,026 0		0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	MBA, Mercer University AVP of CDF and CDIB Capital Group	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Title	Name	Relations	
VP	R.O.C	Wendy Wei	F	2018.03.07	142,492 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Finance, National Taiwan University of Science and Technology VP of KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Tsung Pin Huang	M	2018.06.01	38,062 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Economics, National Chengchi University VP of CDF and CDIB Capital Group	-	-	-	-
VP	R.O.C	Fan Wang	M	2018.06.01	153,702 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Electronic and Computer Engineering, National Taiwan University of Science and Technology VP of KGI Bank and CDF	VP of KGI Bank	-	-	-
VP	R.O.C	Hank Wang	M	2018.07.01	0 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Information and Communications, Shih Hsin University VP of KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Rhoda Yang	F	2018.09.10	8,000 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Statistic, National Taipei University VP of KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Caroline Ho	F	2019.05.01	0 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	MBA, Bernard M. Baruch College, The City University of New York AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Harriet Tsai	F	2019.05.01	634 0	0	0.00 0.00	25 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of International Business, Tamkang University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-
VP	R.O.C	Jen Lung Lai	M	2019.05.01	0 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Chemistry Engineering, Tamkang University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Robert Liu	M	2019.09.09	0 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Accounting, National Taiwan University Senior Manager of VSO Electronics Co., Ltd.	VP of CDC Finance & Leasing Corp.	-	-	-
VP	R.O.C	Hsiu Yen Huang	F	2020.05.01	22,295 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	B.B.A., National Chung Hsing University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-
VP	R.O.C	May Wu	F	2020.05.01	15,000 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Hsing Wu High School AVP of CDF	-	-	-	-
VP	R.O.C	Pei-Yun Chen	F	2020.05.01	30,000 0	0	0.00 0.00	16,000 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Public Finance, National Chengchi University AVP of CDF and KGI Bank	VP of KGI Bank	-	-	-
VP	R.O.C	Emily Kuo	F	2020.05.01	658 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Financial Management, National Central University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Hung-Hai Liu	M	2020.05.01	0 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	MBA, National Chiao Tung University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-
VP	R.O.C	Chiao Yun Yen	F	2020.05.01	10,501 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	UKMA in Finance and Investment, University of Nottingham AVP of KGI Bank and CDF	-	-	-	-
VP	R.O.C	Chia Hui Chen	F	2020.05.01	170,497 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Bachelor of Accounting, Tunghai University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-
VP	R.O.C	Keng Chia Chang	M	2020.05.01	20,000 0	0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0.00 0.00	Master of Information Management, National Chengchi University AVP of KGI Bank and CDF	-	-	-	-

Title	Nationality	Name	Gende	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
VP	R.O.C	Kevin Wu	M	2020.05.01	239 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Information Management, Yuan Ze University AVP of KGI Bank and CDF	-	-	-	-	-
VP	R.O.C	Cheng-Yuan Lee	M	2020.05.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Journalism, Shih Hsin University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Pei-Ju Chen	F	2020.05.01	0 0	0.00 0.00	14,003 0	0.00 0.00	0 0	0 0	0.00 0.00	Information Management, China University of Technology, Continuation school AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Daniel Kuo	M	2020.05.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A., University of Toronto VP of Business Banking, Standard Chartered Bank	-	-	-	-	-
VP	R.O.C	Chris Chiang	F	2020.06.29	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Science, National Taiwan University Project Manager, Taiwan Philips	-	-	-	-	-
VP	R.O.C	Gary Wu	M	2020.09.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Chengchi University Manager of Wealth Management, Yuanta Bank	-	-	-	-	-
VP	R.O.C	Josephine Wu	F	2020.11.16	47,260 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of International Banking and Development Finance, University of Wales AVP of KGI Securities	VP of KGI Securities	-	-	-	-
VP	R.O.C	Andree Lu	F	2020.12.23	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A, Cleveland State University DBS Bank, Associate of Human Resources	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Yann-Fen Jeng	F	2021.03.01	26 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Public Finance, National Taipei University of Business VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Caroline Shih	F	2021.05.01	1,167 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Science Public Relations, Boston University AVP of CDF	-	-	-	-	-
VP	R.O.C	Cherry Hsieh	F	2021.05.01	0 0	0.00 0.00	5,346 4,878	0.00 0.00	0 0	0 0	0.00 0.00	Master of Translation and Interpreting, the University of Westminster AVP of CDF	-	-	-	-	-
VP	R.O.C	Anita Chang	F	2021.05.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Bachelor of Financial Management, National Central University AVP of CDF	-	-	-	-	-
VP	R.O.C	Spring Lin	M	2021.05.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Civil Engineering, National Cheng Kung University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Sean Xie	M	2021.08.23	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Business Administration, California State University VP of KGI Securities	-	-	-	-	-
VP	R.O.C	Amy Huang	F	2021.09.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, The Regents of the University of California HSBC Bank, VP of Human Resources	-	-	-	-	-
VP	R.O.C	Cindy Hou	F	2021.10.01	83,225 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, Drexel University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Linda Wui	F	2021.11.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Business Management, Mt. San Antonio College AVP of Taipei Fubon Bank	Direct of CDIB TMK Finance Holding Limited	-	-	-	-
VP	R.O.C	Po Hsiang Hsu	M	2021.11.05	1,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Financial & Investment, University of Exeter, UK VP of KGI Bank	VP of KGI Bank	-	-	-	-

Title	Nationality	Name	Gende	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relations	
VP	R.O.C	Sindy Tsai	F	2021.12.01	209,496 0	0.00 0.00	0 0.00	0 0.00	0 0.00	0 0.00	MBA, National Chengchi University VP of KGI Securities	VP of KGI Securities	-	-	-	-
VP	R.O.C	Nicole Hung	F	2021.12.06	0	0.00 0.00	0 0.00	0 0.00	0 0.00	0 0.00	MBA, George Washington University VP of Citibank	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Laura Wang	F	2022.02.07	0	0.00 0.00	0 0.00	0 0.00	0 0.00	0 0.00	Master of Laws, University College London VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Shirley Chiu	F	2022.02.14	0	0.00 0.00	0 0.00	0 0.00	0 0.00	0 0.00	Bachelor of Statistics, National Chengchi University VP of Taiwan Life Insurance	-	-	-	-	-
VP	R.O.C	Lucian Hsieh	M	2022.03.15	0 0	0.00 0.00	0 0	0 0.00	0 0.00	0 0	Master of Science in Technology Management, University of Illinois IT Manager of BNP Paribas Cardif	-	-	-	-	-
VP	R.O.C	Doris Chang	F	2022.03.28	0 0	0.00 0.00	0 0	0 0.00	0 0.00	0 0	Master of Science, University of Birmingham Consultant, IBM Consulting	-	-	-	-	-

Note 1: Information on General Manager, Deputy General Managers, Assistant General Managers, heads of departments and branches shall be included. Persons who hold positions equivalent to General Manager, Deputy General Managers, or Assistant General Managers shall also be disclosed, regardless of job title.

Note 2: For the current positions in the CPA firm or affiliates in the term mentioned above, please explain the titles and duties of such positions.

Note 3: Related information of reasons, rationality, necessity and countermeasures (e.g. methods like increase the number of seats for Independent Directors, and more than half of directors do not assume as employees or managers concurrently) shall be illustrated where Chairman, President or equivalents (Top Manager) are the same person, couples or relatives of first degree of kinship:

3.2.4 Reappointment of the retiring chairperson and president as consultants

None

3.2.5 Chairman and President are the same person or each other's spouse or first-degree relatives

None

3.3 Remuneration of Directors, Supervisors, President, Vice President and Consultant

3.3.1 Remuneration of Directors

Unit: NT\$ thousands : December 31, 2021

Title	Name (Note 1)	Remuneration of Directors						Ratio of Total Remuneration (A+B+C+D) to Net Income/(Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income/(Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)		Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income/(Note 10)		
		The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	Cash	Stock	The company	Companies in the consolidated financial statements	
Director	Chairman	Chi Jie Investment Co., Ltd. Representative:	Chia-hueh Chang															
	Vice Chairman	GPPC Chemical Corp. Representative:	Lionel de Saint- Exupery															
	Director	Jing Hui Investment Co., Ltd. Representative:	Stefano Paolo Bertamini															
	Director	Chi Jie Investment Co., Ltd. Representative:	Saloon Tham	46,869	0	290,000	290,000	1,197	2,050	338,066 0.965	339,914 0.970	149,675	304,713	0	0	10,965	0	487,741 655,592 1.871
	Director	Jing Hui Investment Co., Ltd. Representative:	Shan-Jung Yu															
	Director	Paul Yang																
Independent Director	Independent Director	Tzyzz-Junn Duh																
	Independent Director	Hsing-Cheng Tai																
	Independent Director	Hsiou-Wei Lin																

Note 1: Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks and time, etc.

According to company's "Guidelines for Remunerations Payment to Directors and to Functional Committee Members (hereafter referred to as the Guidelines)", independent directors of the company adopt a fixed remuneration and do not participate in the distribution of directors' remuneration. According to the responsibilities, risks and investment time of each functional committee, the "Guidelines" has a standard table of monthly compensation payment for functional committees. In addition to the fixed monthly remuneration of independent directors, the independent directors of the company also receive the monthly remuneration of the functional committee according to the functions (committees or conveners) of the functional committees they hold.

For example: A independent director also serves as a member of the audit committee, a member of the Remuneration Committee, a convener of the salary and compensation committee, and a member of the risk management committee. The monthly remuneration is:

Independent director monthly remuneration+ Audit Committee member monthly remuneration+ Remuneration Committee member monthly remuneration+ Risk Management Committee monthly remuneration

Note 2: In addition to the disclosure in the above table, the directors of the company have received remuneration for providing services for all companies in the financial report (such as a non-employee consultant) in the most recent year : None .

Note 3: The company offers directors with personal allowance for housing, cars, and other personal needs in the value of NT\$1,885,000; compensation for drivers was NT\$3,234,000.

Note 4: Provision expense of retirement payments was NT\$775,000.

Note 5: The values of directors' remuneration as part of earnings distribution are tentative. Employee-related remuneration for executive director is collected individually, including the distribution of Restricted Stock Awards, which is recognized as "share-based payment" under IFRS2.

Range of Remuneration

Range of Remuneration	Name of Directors				Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)		Companies in the consolidated financial statements (Note9) (H)		The company (Note 8)		Companies in the consolidated financial statements (Note9) (I)	
	Paul Yang · Chi Jie Investment Co., Ltd.: Saloon Tham	Paul Yang	Paul Yang	Paul Yang · Chi Jie Investment Co., Ltd.: Saloon Tham	Paul Yang · Chi Jie Investment Co., Ltd.: Saloon Tham	Paul Yang	Paul Yang	Paul Yang
Under NT\$ 1,000,000	-	-	Chi Jie Investment Co., Ltd.: Saloon Tham	-	-	Chi Jie Investment Co., Ltd.: Saloon Tham	-	Chi Jie Investment Co., Ltd.: Saloon Tham
NT\$ 1,000,000~ NT\$ 2,000,000(exclude)	-	-	-	-	-	-	-	-
NT\$2,000,000 ~ NT\$3,500,000(exclude)	-	-	-	-	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000 (exclude)	-	-	Hsiou-Wei Lin	-	-	Hsiou-Wei Lin	-	Hsiou-Wei Lin
NT\$5,000,000 ~ NT\$10,000,000 (exclude)	-	-	Tyzz-Jiun Duh · Hsing-Cheng Tai	-	-	Tyzz-Jiun Duh · Hsing-Cheng Tai	-	Tyzz-Jiun Duh · Hsing-Cheng Tai
NT\$10,000,000 ~ NT\$15,000,000(exclude)	-	-	-	-	-	-	-	-
NT\$15,000,000~ NT\$30,000,000(exclude)	-	-	-	-	-	-	-	-
NT\$30,000,000 ~ NT\$50,000,000(exclude)	-	-	-	-	-	-	-	-
NT\$50,000,000 ~ NT\$100,000,000(exclude)	-	-	GPCC Chemical Corp.: Lionel de Saint-Exupery · Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini · Jing Hui Investment Co., Ltd.: Shan-Jung Yu	-	-	GPCC Chemical Corp.: Lionel de Saint-Exupery · Jing Hui Investment Co., Ltd.: Shan-Jung Yu	-	GPCC Chemical Corp.: Lionel de Saint-Exupery · Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini · Jing Hui Investment Co., Ltd.: Shan-Jung Yu
Over NT\$100,000,000	-	-	Chi Jie Investment Co., Ltd.: Chia-Jueh Chang	-	-	Chi Jie Investment Co., Ltd.: Chia-Jueh Chang	-	Chi Jie Investment Co., Ltd.: Chia-Jueh Chang
Total	9	9	9	9	9	9	9	9

* Remuneration shown under the chart is for disclosure purpose. It is not subject to "income" under the Income Tax Act, and thereby is not taxable.

Note 1: Directors name must be shown separately (for institutional directors, both the institution and the representative are required) · and list directors and independent directors separately. All compensation paid must be added together. For directors who are also presidents or executive vice presidents at the Company or the subsidiaries, this and the following charts must be filled in.

Note 2: This includes salary, compensation for professional services, severance pay, and all bonus and bounties paid to the director during the year.

Note 3: The director's profit sharing of the latest fiscal year proposed and resolved by the Board but before the final approval of shareholders' meeting.

Note 4: Payments to the director to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received.

Note 5: Payments to the director, who is also a president, executive vice president, manager, or employee, include salary, supervisory differential pay, severance pay, remuneration, and other payment to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. The recognized "share based payment" under IFRS2 in the form of employee stock options, new restricted employee shares and subscription to newly issued common stocks, etc., should also be included in the remuneration.

Note 6: Employee remuneration (stock and cash) to the director, who is also a president, executive vice president, manager, or employee. The rewarding amount is proposed and resolved by the Board but before the final approval of shareholders' meeting of the fiscal years. If cannot be estimated, an amount = (the percentage received last year) x (net income this year) must be adopted and filled in Table 1-3.

Note 7: Total remuneration paid by the Group companies (including the Company) in the consolidated statement to the director.

Note 8: Disclose remuneration paid by the Company to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 9: Disclose remuneration paid by the Group companies (including the Company) in the consolidated statement to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 10: Net income disclosed from latest financial statement of each company.

Note 11: a. Remuneration amount received by directors from Non-group affiliates or parent company.

b. For remuneration received by Company supervisors from Non-group affiliates or parent company, the amount must be shown in the Column I under the Remuneration Range Table. The Column must be renamed to "Parent company and All Investee Companies."

c. Remuneration, including salary, compensation, employee remuneration (including compensations received as an employee, director and supervisor), business allowance, etc., received by directors from Non-group affiliates or parent company for being a director, supervisor, or managers.

3.3.2 Remuneration of the President and Vice President

Unit: NT\$ thousands : December 31, 2021

Title	Name (Note1)	Salary (A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note3)		Profit Sharing- Employee Bonus (D) (Note4)			Ratio of total compensation (A+B+C+D) to net income (%) (Note8)		Compensation Paid to Directors from an Invested Company/ Other than the Company's Subsidiary or parent company(Note9)
		The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	Cash	Stock	Cash	The company	Companies in the consolidated financial statements (Note5)	
President & CEO	Stefano Paolo Bertamini												
Executive VP	David Thomas												
Executive VP	Gabriel Heredia												
Executive VP	Ketan Samani												
Executive VP	Patrick C Lin												
Executive VP	Raymund Reyes												
Executive VP	Samar Kumar												
Executive VP	Alby Lee												
Executive VP	Andy Lin												
Executive VP	Morris Lin												
Executive VP	Jeff Hsu												
Executive VP	Daw-Yi Hsu												
Executive VP	Ivy Aoh												
Executive VP	Reddy Wong												
Executive VP	Jamie Huang												
Executive VP	Jenny Huang												
Executive VP	Richard Chang												
Executive VP	Josephine Yang	187,311	273,476	0	0	292,601	442,778	109,479	0	111,469	589,391	827,723	-
Executive VP	Frank Yang											2,362	
Executive VP	Terence Yeung												
Executive VP	Winifred Dente												
Executive VP	Mark Wei												
Executive VP	Julian Yen												
Executive VP	Anil Pathak												
Executive VP	Jacqueline Tan												
Executive VP	Marisol Wang												
Executive VP	Steve Wang												
Executive VP	Teresa Li												
Executive VP	Amy Lee												
Executive VP	Bryan Goh												
Executive VP	Christy Lin												
Executive VP	James Mong												
Executive VP	Vincent Hung												
Executive VP	Kiki Shih												
Executive VP	Richard Sun												
Executive VP	Chris Sun												

Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company (Note 6)	Companies in the consolidated financial statements (Note7) (E)
Under NT\$ 1,000,000	Jeff Hsu, Daw-Yi Hsu, Ivy Aoh, Frank Yang, Mark Wei, Marisol Wang, Steve Wang, Vincent Sun, Michael Chang, Jill Liu, William Fang, Christy Shyy, Sunny Lin, Jenny Chiang, David Kuo	-
NT\$1,000,000 ~ NT\$2,000,000(exclude)	Patrick C Lin, Winnie Huang, Sabrina Liu	Steve Wang, Winnie Huang, David Kuo, Sabrina Liu
NT\$2,000,000 ~ NT\$3,500,000(exclude)	Reddy Wong, Amy Lee, Chris Sun, Fleur Tsai, Te En Chan, Guang-Yue Yeh	Amy Lee, Fleur Tsai, Te En Chan, Sunny Lin, Jenny Chiang, Guang-Yue Yeh
NT\$3,500,000~NT\$5,000,000(exclude)	Teresa Li, James Mong, April Pan	Teresa Li, James Mong, April Pan, William Fang, Christy Shyy
NT\$5,000,000~NT\$10,000,000(exclude)	Jamie Huang, Josephine Yang, Anil Pathak, Bryan Goh, Richard Sun, Melody Chen, Sharon Chen, Raymond Chang, Hans Tzou, Frances Tsai	Jamie Huang, Josephine Yang, Anil Pathak, Marisol Wang, Bryan Goh, Richard Sun, Vincent Sun, Michael Chang, Melody Chen, Sharon Chen, Raymond Chang, Hans Tzou, Frances Tsai
NT\$10,000,000~NT\$15,000,000(exclude)	Alby Lee, Andy Lin, Morris Lin, Jacqueline Tan, Richard Chang, Christy Lin, Vincent Hung, Kiki Shih	Alby Lee, Andy Lin, Morris Lin, Jeff Hsu, Ivy Aoh, Richard Chang, Jacqueline Tan, Vincent Hung, Kiki Shih, Chris Sun, Jill Liu
NT\$15,000,000~NT\$30,000,000(exclude)	David Thomas, Ketan Samani, Raymund Reyes, Samar Kumar, Jenny Huang, Terence Yeung, Winifred Dente, Julian Yen	David Thomas, Ketan Samani, Patrick C Lin, Raymund Reyes, Samar Kumar, Jenny Huang, Frank Yang, Terence Yeung, Winifred Dente, Mark Wei, Julian Yen, Christy Lin
NT\$30,000,000~NT\$50,000,000(exclude)	Gabriel Heredia	Gabriel Heredia, Daw-Yi Hsu, Reddy Wong
NT\$50,000,000~NT\$100,000,000(exclude)	-	-
Over NT\$100,000,000	Stefano Paolo Bertamini	Stefano Paolo Bertamini
Total	55	55

* Remuneration shown under the chart is for disclosure purpose. It is not subject to "income" under the Income Tax Act, and thereby is not taxable.

Note 1: President and Executive Vice Presidents name must be shown separately. All compensation paid must be added together. For president or executive vice presidents who are also directors at the Company or the subsidiaries, this and the preceding forms must be filled in.

Note 2: This includes salary, supervisory differential pay, severance pay to the President and Executive Vice Presidents during the year.

Note 3: Payments to the President and Executive Vice Presidents to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportation) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Including remuneration recognized as "share based payment" under IFRS2 in the form of employee stock options and new restricted employee shares.

Note 4: Employee remuneration (stocks and cash) to the president and executive vice presidents of the latest fiscal year proposed and resolved by the Board but before the final approval of shareholders' meeting. If cannot be estimated, an amount = (the percentage received last year) x (net income this year) must be adopted and filled in Table 1-3.

Note 5: Total remuneration paid by the Group companies (including the Company) in the consolidated statement to the president and executive vice presidents.

Note 6: Disclose remuneration paid by the Company to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 7: Disclose remuneration paid by the Group companies (including the Company) in the consolidated statement to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 8: Net income disclosed from latest financial statement of each company.

Note 9: a. Remuneration amount received by directors from Non-group affiliates or parent company.

b. For remuneration received by Company supervisors from Non-group affiliates or parent company, the amount must be shown in the Column E under the Remuneration Range Table. The Column must be renamed to "Parent company and All Investee Companies."

c. Remuneration, including salary, compensation, employee remuneration (inclusive of employees' directors' and supervisors' compensation), business allowance, etc., received

3.3.3 Employee Remuneration

Unit: NT\$ thousands ; December 31, 2021

	Title	Name	Employee Bonus - in Stock	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Stefano Paolo Bertamini	0	109,479	109,479	0.312
	Executive VP	David Thomas, Gabriel Heredia, Ketan Samani, Raymund Reyes, Samar Kumar, Alby Lee, Andy Lin, Morris Lin, Jamie Huang, Jenny Huang, Richard Chang, Josephine Yang Terence Yeung, Winifred Dente Julian Yen				
	Executive VP	Jacqueline Tan, Teresa Li, Amy Lee, Christy Lin, James Mong, Vincent Hung, Kiki Shih, Richard Sun, Melody Chen, Sharon Chen, Raymond Chang, Hans Tzou, Frances Tsai, Fleur Tsai, April Pan				

3.3.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents

1. Analysis of total remuneration as a percentage of net income

In 2020, all the remunerations paid to directors by the Company and all companies in the consolidated financial statement (excluding part-time employee compensation, same as below) as a percentage of the Company's net income were 1.575% and 1.646%, respectively. In 2021, all remunerations paid to directors by the Company and all companies in the consolidated financial statement as a percentage of the Company's net income were 0.999% and 1.021%, respectively; and in 2020, all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of net income were 2.100% and 3.720%, respectively. In 2021 all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of the Company's net income were 1.682% and 2.362%, respectively.

2. To implement corporate governance and enhance the function of the Board of Directors, as well as to establish performance targets so as to enhance the operational efficiency of the Board of Directors, the Company has established Guidelines for Evaluating the Performance of the Board of Directors. According to said Guidelines, the Board of Directors should conduct at least one internal evaluation of Board's performance every year, and the scope of the evaluation should include the Board as a whole, individual Board members, and functional committees; beginning in 2018, CDF should enlist independent institutions or experts and scholars to conduct external evaluations at least once every three years in order to strengthen the independence and effectiveness of the Board's performance

An executive's performance is related to both financial benchmarks as well as to the Company's long-term performance in sustainable development, talent development, and other indicators of Company's long-term viability. Executives' performance indicators include the following:

- Financial indicators: business performance, cost control, etc.
- Management indicators: compliance, information security, leadership, etc.
- Special indicators: Special contributions or incidents of significance are included in performance and compensation consideration.

3. The remuneration for the Board of Directors is governed by Article 28 of the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remuneration of directors in accordance with their involvement and contribution to the Company's operation by taking into account of the Company's performance and the market level. Based on the aforementioned regulation, the Remuneration Committee and the Board formulated Guidelines for Remunerations Payment to Directors and to Functional Committee Members (hereafter referred to as the Guidelines). The said Guidelines stipulate that the scope of director remuneration includes compensation for directors, fixed monthly salary, and attendance fees, to be distributed as regulated by the Guidelines.

- ☐ In compliance with Articles 33 of the Company's Article of Incorporation, which specifies that "The Company shall set aside no more than 1% of its profit for directors' remuneration." The percentage of directors' compensation and total amount shall be submitted to the Remuneration Committee and the Board for approval prior to the annual shareholders' meeting. The percentage of total remuneration received by individual directors will be determined after the shareholders' meeting based on the distributive weightings set by the Guidelines. Upon the approval of the Remuneration Committee and the Board, the remuneration will then be given. The independent directors of the Company are remunerated on a fixed-rate basis and do not participate in the annual distribution of directors' remuneration as provided in the Articles of Incorporation. The number of directors' remuneration rights shall be determined based on the results of directors' personal performance, in addition to considering the job content of each director, the degree of participation and contribution to the operation of the company. It is clearly stipulated that if a director violates legal obligations or laws and regulations, the number of distribution rights may be reduced or the amount of distribution may be retained by resolution of the salary and Remuneration Committee and the board of directors until the litigation is completed and the director is not responsible for it.
- ☐ In addition to the fixed monthly remuneration, the directors of the Company shall also be paid with the remuneration of the functional committee on a monthly basis if they concurrently hold relevant positions of the functional committee. However, if a director of the Company is a managerial officer of the Company or a subsidiary, he shall not receive the remuneration of functional committees.
- ☐ Directors who serve as managerial officer of the Company or a subsidiary shall be paid by each company in accordance with its regulations. The payment method includes long-term rewards, such as restricted shares, which will be paid before he meet certain performance conditions. The value of restricted shares is related to the future stock price, that is, he shall

jointly bear the future business risks with the company.

4. Manager's and employees' remuneration are determined by the individual's job function and work experience, with due consideration of the Company's financial performance, wage growth across the job market, price fluctuations, prospective risks, and other internal/external factors. Ultimately, it is the Company's goal to present remuneration packages relevant with job performance and competitive to talent recruiting.

3.4 Status of Corporate Governance

3.4.1 Operations of the Board

A total of 17 meetings of the Board of Directors were held in 2021. The attendance of the directors is as follows:

December 31, 2021

Position	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Note
Chairman	Chi Jie Investment Co., Ltd. Representative: Chia-Juch Chang	17	0	100%	
Vice Chairman	GPPC Chemical Corporation Representative: Lionel de Saint Exupéry	16	1	94%	Elected as vice chairman on March 22nd, 2021.
Director	Jing Hui Investment Co., Ltd. Representative: Stefano Paolo Bertamini	16	1	94%	
Director	Jing Hui Investment Co., Ltd. Representative: Shan-Jung Yu	17	0	100%	
Director	Chi Jie Investment Co., Ltd. Representative: Shih-Lun Tan	1	0	100%	Appointed as the director by the corporate on December 27, 2021. The number of attendance should be 1.
Individual director	Paul Yang	9	8	53%	
Independent Director	Hsiou-Wei Lin	17	0	100%	
Independent Director	Tyzz-Jiun Duh	17	0	100%	
Independent Director	James Tai	17	0	100%	

Note 1: The actual attendance rate (%) of individual directors is based on the number of meetings and the number of attendance during the member's tenure.

Note 2: All three (3) independent directors personally attended each Board meeting during 2021. Attendance of independent directors in 2021 is as follows:

O : Actual Attendance ; ◎ : Proxy ; ● : Absence

Term	7 / 30	7 / 31	7 / 32	7 / 33	7 / 34	7 / 35	7 / 36	7 / 37	7 / 38	7 / 39	7 / 40	7 / 41	7 / 42	7 / 43	7 / 44	7 / 45	7 / 46
Independent Director																	
Hsiou-Wei Lin	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Tyzz-Jiun Duh	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
James Tai	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○

Other matters to be recorded:

1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act

The Company has set up an Audit Committee. According to Article 14-5 of the Securities Exchange Act, the approval of more than one-half of all the members of the Audit Committee shall be approved by the Board of Directors, and Article 14-3 of the Securities Exchange Act shall not apply.

- (2) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above.

None

2. Recusal of directors from voting due to conflicts of interest:

As of December 31, 2021

Board of Directors Board Date/Term	Recused Director Name	Agenda Item	Reason for Recusal	Voting
2021.01.05 7th term, 30th meeting Board of Directors	Stefano Paolo Bertamini Shan-Jung Yu Lionel de Saint Exupéry	To publicly acquire the ordinary shares of its subsidiary China life.	(1) Stefano Paolo Bertamini and Shan-Jung Yu are directors of China Life (2) GPPC Chemical Corporation instructed its representative director Lionel de Saint Exupéry to recuse because its affiliated enterprise held shares of China Life.	Recused from discussion and voting
2021.01.28 7th term, 31st meeting Board of Directors	Chia-Juch Chang	To discuss the performance bonus of the Chairperson (Chia-Juch Chang)	Recipient of performance bonus	Recused from discussion and voting
2021.03.22 7th term, 33rd meeting Board of Directors	Lionel de Saint Exupéry	To discuss the candidate for the vice president of the subsidiary CDIB Capital Group	Candidate for the vice president of the subsidiary CDIB Capital Group	Recused from discussion and voting
2021.03.22 7th term, 34th meeting Board of Directors	Stefano Paolo Bertamini Shan-Jung Yu	Amendment of the 2021 Audit Plan.	Acting as the managerial officer of the audited company.	Recused from discussion and voting
	Chia-Juch Chang Lionel de Saint Exupéry	To discuss the distribution of employee's compensation and directors' remuneration.	The legal representative of recipients of director's remuneration.	Recused from discussion and voting

Board of Directors Board Date/Term	Recused Director Name	Agenda Item	Reason for Recusal	Voting
	Stefano Paolo Bertamini Shan-Jung Yu	remuneration in 2020.		
	Shan-Jung Yu	To discuss the 2020 performance appraisal for the supervisor of the Strategy Committee	The evaluation object of performance appraisal	Recused from discussion and voting
2021.04.26 7th term, 35th meeting Board of Directors	Stefano Paolo Bertamini Tyzz-Jiun Duh	To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.	The object of the lifting of the non-competition restriction.	When discussing and voting to lift their non-competition restrictions, directors should avoid participating in the discussion and voting.
2021.06.28 7th term, 37th meeting Board of Directors	Lionel de Saint Exupéry Stefano Paolo Bertamini Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	To discuss the Company's lease extension of Taipei Xueyuan Building from its subsidiary China Life.	Vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting
2021.07.26 7th term, 38th meeting Board of Directors	Chia-Juch Chang Lionel de Saint Exupéry Stefano Paolo Bertamini Shan-Jung Yu	To discuss the distribution of directors' remuneration in 2020.	The legal representative of recipients of director's remuneration.	When discussing and voting about directors' remuneration, directors should avoid participating in the discussion and voting. (Director Paul Yang did not vote on behalf of vice president Lionel de Saint-Exupéry)
2021.08.23 7th term, 40th meeting Board of Directors	Lionel de Saint Exupéry	About the company's rental of Kuo-Ch'ang Building from GRAND PACIFIC PETROCHEMICAL Corporation.	GPPC Chemical Corporation is a 100% holding subsidiary of GRAND PACIFIC PETROCHEMICAL Corporation, and the deputy director Lionel de Saint-Exupéry is the representative of GPPC Chemical Corporation.	Recused from discussion and voting
	Lionel de Saint Exupéry Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	About the subsidiary CDIB Capital Group issuing the legal surplus reserve to the Company in cash.	Director or independent director of CDIB Capital Group.	Recused from discussion and voting (Lionel de Saint-Exupéry, vice chairman, did not vote on behalf of director Paul Yang)

Board of Directors Board Date/Term	Recused Director Name	Agenda Item	Reason for Recusal	Voting
	James Tai	About handling the capital reduction and returning the share price to KGI securities by Richpoint, a subsidiary of KGI securities.	Independent director of KGI Securities	Recused from discussion and voting
	James Tai	About handling the capital reduction and returning the share price to the Company by the subsidiary KGI Securities.	Independent director of KGI Securities	Recused from discussion and voting
	James Tai	About the Company's issuing of unsecured ordinary corporate bonds and entrusting its subsidiaries KGI securities and KGI Bank as underwriters.	Independent director of KGI Securities, the lead underwriter of corporate bonds.	Recused from discussion and voting
2021.09.27 7th term, 41st meeting Board of Directors	Lionel de Saint Exupéry Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	About the subsidiary CDIB Capital Group's sale of Nan-Kang Computer Room and leaseback of some offices.	Vice Chairman, Director or independent director of CDIB Capital Group.	Recused from discussion and voting
	Lionel de Saint Exupéry Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	To handle the capital reduction and returned the share capital to CDIB Capital Group by its subsidiary.	Vice Chairman, Director or independent director of CDIB Capital Group.	Recused from discussion and voting
2021.10.25 7th term, 42nd meeting Board of Directors	Lionel de Saint Exupéry Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	About the sale of overseas private equity fund portfolio by CDIB Capital Group and its subsidiary GM.	Vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting. (Lionel de Saint-Exupéry, vice chairman, did not vote on behalf of director Paul Yang)
2021.11.19 7th term, 45th meeting Board of Directors	Lionel de Saint Exupéry Stefano Paolo Bertamini Shan-Jung Yu Paul Yang Tyzz-Jiun Duh James Tai	About introducing the global human resource management platform Workday and project construction and development cost sharing scheme.	Vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting. (Lionel de Saint-Exupéry, vice chairman, did not vote on behalf of director Paul Yang)
	Stefano Paolo Bertamini	About the Company's restricting the allocation list	The recipient of new shares with restricted employee rights.	Recused from discussion and voting

Board of Directors Board Date/Term	Recused Director Name	Agenda Item	Reason for Recusal	Voting
		and number of new shares of employees' rights in 2021.		
2021.12.27 7th term, 46th meeting Board of Directors	Lionel de Saint Exupéry Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	Renewal and cost sharing of information services between the Company and its 7 subsidiaries, including CDIB Capital Group.	Vice chairman, director, independent director or managerial officer of the companies concerned.	Recused from discussion and voting
	Lionel de Saint Exupéry Stefano Paolo Bertamini Shih-Lun Tan Shan-Jung Yu	To amend the 2022 Audit Plan	Acting as the president or managerial officer of the audited company.	Recused from discussion and voting
	Lionel de Saint Exupéry Stefano Paolo Bertamini Shih-Lun Tan Shan-Jung Yu Paul Yang Tyzz-Jiun Duh James Tai	About the Workday project annual service expenditure cost sharing plan.	Chairman, vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting
	Stefano Paolo Bertamini Shih-Lun Tan Shan-Jung Yu	Appointment of directors of the subsidiary China Life.	Candidates for directors of China Life.	Recused from discussion and voting

3. Execution of the Board's evaluation:

(1) Internal evaluation of the Board's performance

Frequency	The Board shall conduct at least one internal performance evaluation every year.
Period	January 1, 2021 - December 31, 2021
Scope	The Board as a whole, individual Board members, and functional committees
Method	Self-evaluation by the Board, individual Board members, and functional committees
Content	The results of the internal Board performance evaluation for 2021 have been presented and documented in the Board meeting on January 24, 2022. 1. Self-evaluation by the Board:

The Board's performance evaluation had 42 parameters across 6 categories. The evaluation showed that the average score of each category is between 4.93-5 points (out of 5), reflecting good performance by the Board of Directors in guiding and supervising business strategies, major business activities, and risk management, as well as for establishing an appropriate internal control system, and actively participating in environmental, social, and corporate governance (ESG) initiatives. The overall operation of the Board was considered excellent and was in line with corporate governance practices.

Six Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Participation in the Company's operations	11	4.93
B. Improvement in the quality of decision making by the board of directors.	11	4.97
C. The composition and structure of the board of directors.	6	4.96
D. The election of the directors and their continuing professional education.	5	4.90
E. Internal controls.	7	5.00
F. Engagement in ESG	2	4.94

2. Self-evaluation by Board members:

The performance of the Board members was evaluated on 25 parameters across 6 categories. Board Member performance was evaluated as "Excellent (5)" on 17 parameters and "Good (4)" on 4, showing that all directors had a positive effect on efficiency and effectiveness of the Board.

Six Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Their grasp of the company's goals and missions.	3	5.00
B. Their recognition of director's duties.	4	4.94
C. Participation in the Company's operations	8	4.83
D. Their management of internal relationships and communication.	3	4.83
E. Their professionalism and continuing professional education.	4	4.94
F. Internal controls.	3	5.00

3. Self-Evaluation by the Audit Committee:

The performance of the Audit Committee was evaluated on 26 parameters across 5 categories. The evaluation showed that the average score of each category is between 4.93-5 points (out of 5), reflecting its overall excellence in operation and in line with corporate governance, which resulted in the improved Board operations.

Five Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Participation in the Company's operations	5	5.00
B. Their recognition of the duties of the functional committee.	5	4.93
C. Improvement in the quality of decision making by the functional committee.	7	5.00
D. The composition of the functional committee, and election and appointment of committee	4	5.00

members.		
E. Internal controls.	5	5.00

4. Self-Evaluation by the Remuneration Committee:

The performance of the Remuneration Committee was evaluated on 24 parameters across 5 categories. The Remuneration Committee performance was rated "Excellent (5)" on 23 parameters and "Good (4)" on 1. This showed that the overall operation of the Remuneration Committee was excellent and was in line with corporate governance, resulting in the improved Board functions.

Five Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Participation in the Company’s operations	5	5.00
B. Their recognition of the duties of the functional committee.	4	4.92
C. Improvement in the quality of decision making by the functional committee.	7	5
D. The composition of the functional committee, and election and appointment of committee members.	4	5
E. Internal controls.	3	5

5. For the performance appraisal of the board of directors and the self appraisal results of the members of the board of directors, more than three directors give four index items, and the improvement measures are listed as follows:

Evaluation Parameters	Improvement measures
The directors have sufficient communication and exchange with the certified public accountant.	It is proposed to arrange another meeting before the board of directors to invite directors to communicate with the certified public accountant.

(2) External evaluation of the Board's performance

Frequency	The Company shall engage an independent professional organization, either an independent institute or a team of scholars and experts, to perform at least one external Board performance evaluation every three years.
Period	January 1, 2019 - December 31, 2019
Scope	Board of Directors.
Method	External performance evaluation by an independent professional organization or a team of experts and scholars, or other applicable methods

Content	The Company engaged Ernst & Young (EY) Advisory to perform the 2019 external evaluation of the Board performance in December 2019. The following result of the evaluation was reported in the 16th meeting of the 7th term of the Board on April 27, 2020: 1. Category: Structure, people, and "process and information" of the Board. 2. Content: The Board structure and process, Board members, corporate organization, roles and responsibilities, behavior and culture, director training and development, supervision of risk control, and supervision of reporting, disclosure, and performance. 3. Method Interviews with individual Board directors, self-evaluation questionnaires, and document review. 4. Criteria: Basic (complying with the basic requirements of the competent authority and relevant regulations), <u>advanced</u> (complying with the basic requirements of the competent authority and relevant regulations and having a set of defined and effective practices or proactive improvements in the performance in an aspect), and <u>benchmark</u> (not only performing beyond the basic requirements of the competent authority, and relevant regulations, but also setting an example equivalent to the benchmarking model). 5. Result. Based on the comprehensive evaluation, the performance of the Board of Directors in "structure," "people," and "process and information" was advanced. 6. In EY's opinion, the Board of Directors of the Company has a healthy and sound interaction, which is one of the fundamental elements of a high performance. Based on this foundation, EY expects that Board members' observations, practices, risk management, and performance supervision can help the Company and the Board of Directors continuously improve and become an industry model in terms of corporate governance and performance. The Company will refer to EY's recommendations and take action to strengthen the functionality of the

Note: In accordance with the company's "the Board Performance Evaluation Criteria", the Company will carry out the external performance evaluation of the board of directors every three years to continuously strengthen the effectiveness of the board of directors and improve the corporate governance mechanism through the objective suggestions of external independent institutions. The next external performance evaluation of the board of directors is planned to be handled in 2022.

4. Measures taken to strengthen the functionality of the Board in the current and most recent years (e.g., setting up an Audit Committee and improving information transparency) and the implementation status:

□ The Audit Committee, Remuneration Committee, Sustainability Committee, Risk Management Committee, Ethical Corporate Management Committee and Strategy Committee are set up under the board of directors of the Company. In order to improve the effectiveness of the board of directors, the company continuously inspected the operation of the board of directors and functional committees. The strengthening and improvement measures proposed between January 2021 and January 2022 are as follows:

1. In order to improve the company's risk management, the board of directors of the Company approved the adjustment of the composition of the members of the Risk Management Committee on July 26, 2021, and more than half of the members are independent directors.
2. Due to the complete reorganization of the Company's management team and the return of the functional groups of the Strategy Committee to their business units, the board of directors of the Company approved the cancellation of the establishment of the company's Strategic Committee on November 19, 2021 because its phased tasks have been completed.

3. In response to the "corporate governance 3.0 - blueprint for sustainable development" and in line with the spirit of the International Corporate Sustainability Initiative, the board of directors of the Company approved the renaming of the "code of corporate social responsibility" to the "code of sustainable development" and the "Sustainability Committee" to the "Sustainability Committee" on January 24, 2022.
- ❑ The Board approved amendments to Corporate Governance Best Practice Principles at the 8th meeting of the 7th Board of Directors on November 25, 2019. In order to enhance the diversity of the Board and achieve alignment with mainstream global development, said Principles were revised to specify that background conditions (including sex, age, nationality, culture and ethnicity) and professional knowledge and skills (e.g., professional background, expertise and industry experience) should both be taken into consideration in regard to the selection and appointment of Board members.
 - ❑ For effective corporate governance and Board functionality, the Company, at the 10th meeting of the 6th Board of Directors held on November 21, 2016, devised Principles for the Performance Evaluation of the Board of Directors. To further strengthen the independence and effectiveness of Board performance evaluations, the 29th meeting of the 6th Board of Directors held on January 30, 2018 and the 7th meeting of the 7th Board of Directors held on October 28, 2019, amended these Guidelines, bringing in the external evaluation of the Board's performance. The Company is also following the Sample Template of Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd. of the Taiwan Stock Exchange Corporation to expand the Board's evaluation to the Audit and Remuneration Committees and to modify the self-evaluation questionnaire from "Yes/No" to a five-point scale.
 - ❑ In order to strengthen the Group's information security management and deepen the spirit of information security governance, the board of directors of the Company adopted the amendment to the "Organizational Procedures" on December 24, 2018, and set up a specialized information security unit - "Information Security Department" from January 1, 2019 to take charge of information security planning and management, and regularly report the group's information security planning and implementation to the board of directors.

3.4.2 Operations of Audit Committee

1. The Audit Committee consists of three independent directors and aims to assist the Board in ensuring the quality and credibility of oversight of matters concerning accounting, auditing, the financial reporting process, and financial controls.

There were total 10 meetings convened in 2021. In accordance with the functions and duties as stipulated in Article 6 of the Company's Audit Committee Charter, the major resolutions under consideration are as follows:

- (1) The 2020 internal control system statement, the 2021 audit plan amendment and the 2022 audit plan.
- (2) 2020 annual business report, financial statements, consolidated financial statements and other statements and surplus distribution plans, and issued the review report of the audit committee, which found that there was no inconsistency in the above statements.
- (3) The consolidated financial report for the second quarter of 2020 and 2021, and the budget for 2021.
- (4) 2021 annual appointment and remuneration of certified public accountants.
- (5) To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.
- (6) To discuss the Company's lease extension of Taipei Xueyuan Building from its subsidiary China Life.
- (7) About introducing the global human resource management platform Workday and project construction and development cost sharing and annual service expenditure cost sharing.
- (8) The draft and amendment of the Company's "measures for the issuance of new shares with restrictions on employees' rights in 2021".
- (9) Proposals on public acquisition of common shares of subsidiary China life, appointment of external independent experts, and share conversion and issuance of new shares with China life.
- (10) Amendments to the company's important rules and regulations such as "laws and regulations follow system policies", "operating standards for derivative financial commodity transactions", "standards for division of rights and responsibilities and hierarchical responsibility".
- (11) Comprehensive report on audit business in the second half of 2020 and the first half of 2021.
- (12) The laws and regulations of the second half of 2020 and the first half of 2021 shall comply with the operation report.
- (13) Comparison table of internal control performance scores of all units of the company in 2021 and 2020, and comparison table of comprehensive scores of internal audit operations of subsidiaries in 2021.
- (14) The assessment results of the implementation of laws and regulations of all units and subsidiaries of the company in 2021.
- (15) Performance evaluation results of the audit committee in 2020.

2. Operations in 2021

The audit committee held 10 meetings (A) in 2021, and the attendance of independent directors is as follows:

Benchmark date: December 31, 2021

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A]	Remark
Independent Director	Hsiou-Wei Lin	10	0	100%	
Independent Director	Tyzz-Jiun Duh	10	0	100%	
Independent Director	James Tai	10	0	100%	

Note 1: The audit committee of the company is composed of all independent directors. For the professional qualifications and experience of the members of the audit committee, please refer to “Directors (II) - 1, Professional Qualifications of Directors and Information Disclosure of Independent Directors’ Independence”.

Note 2: The actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendance of the independent directors during their term of office.

Other matters to be recorded:

- In case of any of the following circumstances in the operation of the audit committee, the date and period of the audit committee, the contents of the proposal, the objections, reservations or major recommendations of the independent directors, the resolution results of the audit committee and the company's handling of the opinions of the audit committee shall be stated:

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

December 31, 2021

Audit Committee Board Date/Term	Agenda Item	Independent Director Contents of objections, reservations or major suggestions	Audit Committee Results	Company (board of directors) Handling of the resolution of the audit committee
2021.01.05 4th term, 22nd meeting Audit Committee	To publicly acquire the ordinary shares of its subsidiary China life.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Except for the withdrawal of interested directors, the other directors present agreed to pass.
2021.03.22 4th term, 24th meeting Audit Committee	2020 Statement on Internal Control.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Approved by all directors present at the meeting.
	Amendment of the 2021 Audit Plan.	None	All members present at the meeting agreed to	Except for the withdrawal of the director who is the

Audit Committee Board Date/Term	Agenda Item	Independent Director Contents of objections, reservations or major suggestions	Audit Committee Results	Company (board of directors) Handling of the resolution of the audit committee
			pass the resolution and submitted it to the board of directors for deliberation.	managerial officer of the audited company, the other directors present agreed to pass.
	2020 consolidated financial statements	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Approved by all directors present at the meeting.
	2021 annual appointment and remuneration of certified public accountants.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Approved by all directors present at the meeting.
2021.04.26 4th term, 25th meeting Audit Committee	Amendment to the "operating standards for dealing in derivative financial products"	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2021 general meeting of shareholders of the Company for discussion.
	2020 annual business report, financial statements, consolidated financial statements and other statements.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2021 general meeting of shareholders of the Company for recognition.
	2020 annual surplus distribution plan.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2021 general meeting of shareholders of the Company for recognition.

Audit Committee Board Date/Term	Agenda Item	Independent Director Contents of objections, reservations or major suggestions	Audit Committee Results	Company (board of directors) Handling of the resolution of the audit committee
	To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.	None	Except for the withdrawal of the independent director (member) who intends to lift the non competition restriction, the other members present agreed and submitted it to the board of directors for review	Directors avoid not participating in the discussion and voting when discussing and voting to lift their non competition restrictions. The remaining directors present agreed to pass the resolution and submitted it to the 2021 annual general meeting of shareholders of the company for discussion.
	The Company's draft "measures for the issuance of new shares with restrictions on employees' rights in 2021".	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2021 general meeting of shareholders of the Company for discussion.
2021.06.28 4th term, 26th meeting Audit Committee	To discuss the Company's lease extension of Taipei Xueyuan Building from its subsidiary China Life.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Except for the withdrawal of interested directors, the other directors present agreed to pass.
2021.08.12 4th term, 27th meeting Audit Committee	The company's share conversion and issuance of new shares with its subsidiary China Life.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2021 general meeting of shareholders of the Company for discussion.
2021.08.23 4th term, 28th meeting Audit Committee	Consolidated financial statements for the second quarter of 2021.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of	Approved by all directors present at the meeting.

Audit Committee Board Date/Term	Agenda Item	Independent Director Contents of objections, reservations or major suggestions	Audit Committee Results	Company (board of directors) Handling of the resolution of the audit committee
			directors for deliberation.	
	Amendment to the "measures for the issuance of new shares with restrictions on employees' rights in 2021".	None	All members present at the meeting agreed to ratify and submitted it to the board of directors for deliberation.	Agreed to ratify by all directors present at the meeting.
2021.11.19 4th term, 30th meeting Audit Committee	About introducing the global human resource management platform Workday and project construction and development cost sharing scheme.	None	Except for the withdrawal of a member who is an independent director of the company concerned, the other members present agreed and submitted it to the board of directors for review.	Except for the withdrawal of the vice chairman, director or independent director of the company concerned, and the vice chairman Lionel de Saint-Exupér did not participate in the voting on behalf of director Paul Yang, the other directors present agreed to pass.
2021.12.27 4th term, 31st meeting Audit Committee	2022 annual budget report, estimated comprehensive income statement and estimated balance sheet.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Approved by all directors present at the meeting.
	Amendment to the 2022 Audit Plan.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Except for the withdrawal of the director who is the chairman or managerial officer of the audited company, the other directors present agreed to pass.
	Amendment to the "criteria for division of responsibilities and hierarchical responsibility".	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Approved by all directors present at the meeting.

Audit Committee Board Date/Term	Agenda Item	Independent Director Contents of objections, reservations or major suggestions	Audit Committee Results	Company (board of directors) Handling of the resolution of the audit committee
	About the Workday project annual service expenditure cost sharing plan.	None	Except for the withdrawal of a member who is an independent director of the company concerned, the other members present agreed and submitted it to the board of directors for review.	Except for the withdrawal of the chairman, vice chairman, director or independent director of the company concerned, the other directors present agreed to pass.

- (2) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors.

None

2. Recusal of independent directors from voting due to conflicts of interest:

December 31, 2021

Board Date/Term	Name of recused independent directors	Agenda Item	Reason to recuse	Voting
2021.04.26 4th term, 25th meeting Audit Committee	Tyzz-Jiun Duh	To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.	The object of the lifting of the non-competition restriction.	Recused from discussion and voting
2021.11.19 4th term, 30th meeting Audit Committee	Tyzz-Jiun Duh James Tai	About introducing the global human resource management platform Workday and project construction and development cost sharing scheme.	Acting as independent directors of CDIB Capital Group or KGI Securities.	Recused from discussion and voting
2021.12.27 4th term, 31th meeting Audit Committee	Tyzz-Jiun Duh James Tai	About the Workday project annual service expenditure cost sharing plan.	Acting as independent directors of CDIB Capital Group or KGI Securities.	Recused from discussion and voting

3. Communication between the independent directors, chief internal auditor, and CPAs

(1) Communication between the independent directors, chief internal auditor

- A. In addition to communicating through the audit committee, the independent directors and internal audit supervisors shall hold a forum at least once a year to review the Company's internal control system.
- B. The internal audit report of the Company shall be delivered to the independent directors within two

months from the end of the audit.

C. Summary of communication between independent directors and internal audit supervisors in 2021.

Date	Method	Matters	Results
2021.03.22	Audit Committee	Comprehensive report on audit business in the second half of 2020	No objection
2021.03.22	Audit Committee	Summary of key points of the inspection report on the Company's general business inspection by the FSC	No objection
2021.03.22	Audit Committee	2020 Statement on Internal Control	No objection
2021.03.22	Audit Committee	Passed the amendment to the 2021 audit plan of the Company to coordinate with the organizational adjustment.	No objection
2021.03.22	Audit Committee	Major contingencies of the subsidiary KGI Bank The independent directors suggested the following: Thanks for informing the independent directors immediately. Please handle relevant procedures in accordance with the law.	No objection
2021.04.26	Audit Committee	Report on the improvement of the inspection opinions of the FSC on the Company's general business inspection(table B) The independent directors suggested the following: 1. For the review of the remuneration of senior managerial officers, it is advisable to keep written materials, and we ask the human resources unit to include the description of the connection between the remuneration and personal performance and business objectives into the standard procedures. 2. With regard to the inspection opinions of the parent and subsidiary companies on the inconsistency of the standards for the pressure situation of exchange rate changes, it is suggested that the risk unit should specify the details in the risk management report.	We request the authority and responsibility unit to handle the matters according to the suggestions.
2021.09.27	Audit Committee	Comprehensive report on audit business in the first half of 2021 The independent directors suggested the following: As for the credit part of interested parties, the information of interested parties shall be updated immediately to ensure the timeliness of the information and avoid the negligence of relevant operations due to not being included in the interested parties	We request the authority and responsibility unit to handle the matters according to the suggestions.
2021.11.19	Audit Committee	The Company "2021 Comparison table of internal control performance scores of all units of the company in 2021	We request the authority and

		and 2020”“comparison table of comprehensive scores of internal audit operations of subsidiaries in 2021” The independent directors suggested the following: The audit department can provide more guidance to the Group Development & Strategy Office and the Group Data & Analytics Office to ensure that relevant functions and education and training meet the requirements.	responsibility unit to handle the matters according to the suggestions.
2021.11.19	Audit Committee	The FSC conducted a special inspection on the "silver-haired financial consumer protection" of its subsidiary KGI Bank, and the handling of the major deficiencies in paragraph B The independent directors suggested the following: 1. It is suggested that the audit department of KGI Bank list the financial advisor as the key audit item. 2. During the case, only the financial advisor was punished, but its immediate supervisor did not have any punishment. We're afraid that it's difficult to prevent this sort of thing from happening again. 3. Due to the inability to check the accounts of the financial advisor in other banks, it is impossible to check his relevant defects. Does the bank or the Association of Banks have relevant agreements as remedies?	1. And 2: We request the authority and responsibility unit to handle the matters according to the suggestions. 3. The Association of Banks has set up a team to investigate and draw up relevant inter-bank and reporting matters for special affairs. Because many laws and regulations are involved, it is still under investigation.
2021.11.19	Forum	Review on the lack of internal control system of the Company in 2021 The independent directors suggested the following: For the case that the group's colleagues have been exercised the right to be included due to short-term transactions, it is suggested that the human resources or relevant authorities and responsible units should strengthen the education and training for the publicity of relevant laws and regulations for the new (promoted) directors to avoid repeating the mistakes.	We request the authority and responsibility unit to handle the matters according to the suggestions.
2021.12.27	Audit Committee	The Company's "minutes of the forum on the review of the deficiency in internal control system in 2021"	No objection
2021.12.27	Audit Committee	Notification of major incidents of abnormal transactions at the automated teller machine of the subsidiary KGI Bank and its subsequent handling	We request the authority and responsibility unit to

		The independent directors suggested the following: Banks need to scan the huge amount of information regularly. Please instruct KGI Bank to implement it.	handle the matters according to the suggestions.
2021.12.27	Audit Committee	2022 Audit Plan The independent directors suggested the following: 1. After China Life became a 100% holding subsidiary of the Company, does the Company have any response measures for the depth and breadth of the audit of China Life? 2. It is suggested that the auditors of the subsidiaries of CDF can be transferred with the auditors of the parent company CDF.	With reference to the suggestions of independent directors, it is suggested to adjust the manpower between CDF and its subsidiaries appropriately.

(2) Communication between independent directors and CPAs

A. Policy on communication between independent directors and CPAs

The audit committee of the company is composed of all independent directors. The CPAs communicate and discuss with the independent directors on the audit scope and method of the financial report, audit results, key audit matters, recent major issues of IFRS and the impact of the revision of relevant laws and regulations at least twice a year, so that the independent directors can immediately grasp the financial situation of the Company.

B. Summary of communication between independent directors and the CPAs in 2021

Date	Method	Matters	Results
2021.03.22	Audit Committee	1. Audit of consolidated financial reports in 2020. 2. The audit results of the consolidated financial report and key audit matters in 2020, as well as other communication matters such as the handling matters and supplementary explanation in the preparation of the company's financial report , as well as the key audit matters in the first half of 2021	No objection
2021.08.23	Audit Committee	1. Audit of consolidated financial report in the second quarter of 2021. 2. The audit results of the consolidated financial report and key audit matters in the second quarter of 2021, as well as other communication matters such as the handling matters and supplementary explanation in the preparation of the company's financial report , as well as the key audit matters of 2021	No objection

3.4.3 Items disclosed in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies:

The Company notes that it follows the "the Corporate Governance Best Practice Principles for Financial Holding Companies". Please go to the "governance" section under the company's website (<https://www.cdfholding.com/en/>)

3.4.4 Corporate Governance Implementation Status

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
1. CDF's shareholding structure and shareholders' rights (1) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		(1) The Company maintains a IR Contact page on its Investor Relations website's Resources section, on which it discloses online, phone, and email channels through which shareholders can submit suggestions or queries. The Company designates a specific managerial department to process each suggestion or query.
(2) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major?	V		(2) The Company maintains lists of major shareholders based on the shareholder list after the date on which share transfers are suspended and on the information regarding the equity changes of insiders and major shareholders submitted to the Company per relevant regulations. The Company publishes this information in its annual report.
(3) Does the Company establish and execute risk management and firewall systems within its affiliates?	V		(3) A. The Company's finances and operations are independent from its affiliates. B. The Company has an independent risk management unit responsible for supervising and implementing risk management measures. In addition, the risk control mechanism and firewall system between the Company and its subsidiaries has been established in accordance with the Company's Risk Management Policy and Regulations Governing Operations Related to Financial Transactions with Affiliated Companies and Stakeholders. C. The Company engages in related party transactions other than credit extensions in accordance with Articles 44 and 45 of the Financial Holding Company Act, and has established the Guidelines for Related Party Transactions and the Guidelines for Related Party Transactions Other than Credit Extensions under Article 45 of the Financial Holding Company Act for compliance.
2. Composition and responsibilities of Board (1) Does the Board of Directors formulate the diversification policy and specific management objectives?	V		(1) In order to promote the sound development of the structure and functions of the Board of Directors, the Board of Directors of the Company has adopted the Code of Practice on Corporate Governance to specify the diversification policy of the members of the Board of Directors. Since the Company adopts the candidate nomination system to elect directors, the candidates for directors are submitted to the Shareholders' Meeting for

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
			Summary election after the resolution of the Board of Directors is passed. For the diversification policy, management objectives and implementation status of the Company's Board of Directors, please refer to "2. Diversification and independence of the Board of Directors of (II) Information on directors," on page 6. It is also disclosed on the company's official website < query path: Home page of the Company / ESG / Governance / Board of Directors / Professional Qualifications and Independence / Professional Qualifications and Independence (Download File) >.
(2) In addition to establishing the Remuneration Committee and the Audit Committee legally, does the Company voluntarily establish other functional committees?	V		(2) In order to improve the functions of the Board of Directors, the Company has a CSR Committee, Risk Management Committee, Ethical Corporate Management Committee, and Strategy Committee in addition to a Remuneration Committee and Audit Committee.
(3) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(3) In order to implement corporate governance and enhance the functions of the Company's Board of Directors and establish key performance indicators (KPIs) to enhance the efficiency of the Board's operations, the Board of Directors of the Company has passed the Board Performance Evaluation Criteria, which requires that the Board of Directors of the Company shall perform an internal performance evaluation of the Board of Directors at least once a year, which includes the evaluation of the performance of the Board as a whole, individual Board members, and functional committees, and that the external performance evaluation of the Board of Directors shall be performed by an external professional independent organization or external expert scholar at least once every three years beginning in 2018. In addition to being reported to the Board of Directors, the results of the evaluation shall also be disclosed on the company website and in annual reports and will be used as reference for the selection of directors or the nomination of independent directors, and the directors' remuneration will be linked to the results of the directors' personal performance evaluations.
(4) Does the financial holding company periodically evaluate the independence of the certified public accounts (CPA) that audit its financial statements?	V		(4) Prior the approval of the appointment of CPAs by the Board, the Company will review the independence and competence and will make sure that the appointed CPAs are not interested parties of the Company and require them to issue statements of independence to confirm that no other financial or business relationships with the Company except the

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
3. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		auditing fee, capital verification, etc. The appointment of CPAs shall be submitted to the Audit Committee and the Board for approval. In addition, the rotation of CPAs also operates in accordance with related regulations. (1) The Company has a Secretariat of the Board of Directors directly under the board of directors, which is equipped with a competent and appropriate number of corporate governance personnel to be responsible for relevant corporate governance affairs. The Company passed a resolution on July 27, 2020 to appoint Executive Vice President Vincent Hung as the corporate governance officer, who is qualified as he has handled stock-related affairs for financial institutions and listed companies for more than 10 years. It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items: 1. Handling matters relating to board meetings and shareholders meetings according to laws 2. Producing minutes of board meetings and shareholders meetings 3. Assist directors in assuming office and pursuing continuing education. 4. Furnishing information required for business execution by directors 5. Assisting directors with legal compliance 6. Other matters set out in the articles of corporation or contracts. (2) The implementation of corporate governance in 2021 is summarized as follows: 1. According to the Standard Operating Procedures for Handling Directors' Requests, the Secretariat responds appropriately and promptly to requests made by directors and provides directors with the information and support necessary for them to conduct their business. 2. The Secretariat has assisted directors in drawing up annual study plans and arranging

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
			courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and with reference to the courses planned in the Director Study Map of the Taiwan Stock Exchange. 3. In accordance with the Company's Rules of Procedure for Board Meetings and the Audit Committee Charter, the Secretariat prepared information on an agenda before each Board meeting and Audit committee meeting in 2021. The Secretariat has alerted directors/committee members to any conflicts of interests, and have completed the meeting minutes within 20 days after the meeting. 4. The Secretariat has completed the renewal of directors' and supervisors' liability insurance for 2021 and completed the announcement and reporting as required. 5. According to the Company's Board Performance Evaluation Criteria, the Secretariat completed the internal evaluation of the Board performance for 2020, with the results of the evaluation reported to the Board of Directors on January 24, 2022. 6. The pre-registration of shareholders' meeting dates, the preparation of meeting notices, handbooks, and minutes, and the execution of shareholder-related operations (e.g., purchase and distribution of shareholders' souvenirs) have been completed within the statutory time limit. 7. Amendments to the Articles of Incorporation, changes in managerial officers, and changes in capital due to exercise of employee stock options and issuance of new shares of employee rights have been registered. 8. Possession of the Company's shares by insiders has been reported. 9. The Company publicizes the laws and regulations related to the equity of insiders

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale														
	Yes	No															
	Summary																
	(directors and managerial officers) at least once a year, and publicizes the insiders by e-mail in 2021:																
	<table><tr><th>Date</th><th>Publicity matters</th></tr><tr><td>2021.01.14</td><td>Violation of Article 157 of the Securities and Exchange Act on Short-term Trading</td></tr><tr><td>2021.10.18</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100400149 dated January 15, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2021.04.12</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100401219 dated April 9, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2021.06.24</td><td>Violation of Article 157 of the Securities and Exchange Act on Short-term Trading</td></tr><tr><td>2021.07.16</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100402761 dated July 14, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2021.10.21</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100403943 dated October 19, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr></table>		Date	Publicity matters	2021.01.14	Violation of Article 157 of the Securities and Exchange Act on Short-term Trading	2021.10.18	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100400149 dated January 15, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2021.04.12	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100401219 dated April 9, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2021.06.24	Violation of Article 157 of the Securities and Exchange Act on Short-term Trading	2021.07.16	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100402761 dated July 14, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2021.10.21	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100403943 dated October 19, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	
Date	Publicity matters																
2021.01.14	Violation of Article 157 of the Securities and Exchange Act on Short-term Trading																
2021.10.18	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100400149 dated January 15, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																
2021.04.12	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100401219 dated April 9, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																
2021.06.24	Violation of Article 157 of the Securities and Exchange Act on Short-term Trading																
2021.07.16	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100402761 dated July 14, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																
2021.10.21	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100403943 dated October 19, 2021, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale														
	Yes	No															
	Summary																
			of the Securities and Exchange Act. Please take the time to read it.														
	2021.12.20		We hereby inform you of the Taiwan Stock Exchange's Letter No. 1100404610 dated December 17, 2021, regarding the "Publicity Manual for the Answer Set on Equity Trading of Insiders of Listed Companies" compiled and printed by Taiwan Stock Exchange in 2021. Please take the time to read it, so as to avoid the violation of the Securities and Exchange Act and bear administrative, civil or criminal liability.														
	(3). Training status of the corporate governance officer (since the corporate governance officer took office on August 1, 2020, he should complete 18 hours of training before the end of July 2021. :																
			<table><tr><th>Date</th><th>Training Institution</th><th>Course Name</th><th>Training Hours</th><th>Annual Accumulative Hours</th></tr><tr><td>2020.09.24</td><td>Taiwan Association of Corporate Governance Professionals</td><td>2020 Seminar on Substantial Beneficiary Regulations</td><td>3.0</td><td rowspan="2">21.0</td></tr><tr><td>2020.10.16</td><td>Taiwan Stock Exchange and Taipei Exchange</td><td>2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Listed Companies</td><td>3.0</td></tr></table>	Date	Training Institution	Course Name	Training Hours	Annual Accumulative Hours	2020.09.24	Taiwan Association of Corporate Governance Professionals	2020 Seminar on Substantial Beneficiary Regulations	3.0	21.0	2020.10.16	Taiwan Stock Exchange and Taipei Exchange	2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Listed Companies	3.0
Date	Training Institution	Course Name	Training Hours	Annual Accumulative Hours													
2020.09.24	Taiwan Association of Corporate Governance Professionals	2020 Seminar on Substantial Beneficiary Regulations	3.0	21.0													
2020.10.16	Taiwan Stock Exchange and Taipei Exchange	2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Listed Companies	3.0														

Evaluation Item	Implementation Status					Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale	
	Summary						
	Yes	No					
			2020.10.27	Taiwan Corporate Governance Association	Risks and Business Opportunities Arising from Climate Change	3.0	
			2020.12.22	Taiwan Academy of Banking and Finance	Corporate Governance Seminar: Business Model Reforms with Emerging Technologies	3.0	
			2021.07.02	Accounting Research and Development Foudation	ESG Sustainable Finance: Trends and Strategies	3.0	
			2021.07.21	Computer Audit Association	Strengthening the information resilience of the financial industry - coping with risk crisis	3.0	
			2021.07.27	Taiwan Academy of Banking and Finance	Internal control focus of the operation of the board of directors and functional committees	3.0	
			The Company has established the Stakeholder Engagement section on the company website to provide stakeholders including employee, customers, shareholders and investors, institutional investors, government agencies and competent authorities, suppliers, the media, and communities easy communication access to the Company by letter or telephone or via the Internet. The identification of stakeholders, communication issues, communication methods, communication frequency, and communication performance have been compiled in the CSR Committee's 2021 Annual Work Plan Implementation Report, which was submitted to the Company's Board of Directors in March 2022.				
4. Does the Company establish communication channels with stakeholders (included but not limited to shareholders, employees and clients)?	V						No deviation
5. Information disclosure (1) Does the Company have a website to	V		(1) The Company has both Chinese and English websites and appointed dedicated personnel				No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
disclose both financial standings and the status of corporate governance?			
(2) Does the Company employ other methods (e.g., setting up English language websites, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and webcasting investor conferences) to disclose information?	V	to disclose and update corporate information. (2) The Company has a spokesperson and an acting spokesperson, along with public relations and investor relations departments to ensure that corporate information is announced timely and correctly. In accordance with the relevant regulations governing listed companies, the Company discloses material information and financial data. The Company periodically holds investor conferences and posts related information in Chinese and English on the company website and the MOPS. In response to environmental, social, and governance (ESG) issues that investors have become increasingly concerned about in recent years, the Company has set up a "CSR" section on both Chinese and English company websites to disclose relevant non-financial performances and practices.	
(3) Does the financial holding company publish and make official filing of annual financial reports according to the Financial Holding Company Act and Securities and Exchange Act within the required timeframe after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports plus monthly business performance before the specified due date?	V	(3) The Company complies with the Financial Holding Company Act and Securities and Exchange Act by filing self-assessed income monthly, as well as publishing quarterly, semi-annual, and annual consolidated financial reports reviewed or audited by the CPA before the statutory due dates.	
6. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee well-being, investor relations, rights of stakeholders, directors' and supervisors' training records, implementation of risk management	V	(1)-(2) For detailed information on employee rights and employee well-being, please refer to 5.8 Labor Relations in V. Operational Highlights. (3) Investor relations The Company maintains proper and appropriate relations with investors through the following measures: A. Holding annual general meetings in accordance with related laws and regulations.	No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale					
	Yes	No						
	Summary							
policies and risk evaluation measures, implementation of customer relations policies, purchase of insurance for directors and supervisors, and donations to political parties, stakeholders and non-profit organizations)?		B. Disclosing corporate information on the MOPS. C. Organizing investor conferences on a regular basis. D. Setting up the Investor Relations section on Chinese and English company websites, where investors can view/download quarterly reports and company information. E. Setting up the IR Contacts section to facilitate timely communication by phone and email. (4) Stakeholder interests On the topic of interaction with vendors, the Company has established Operation Guidelines for Procurement, ensuring a transparent and fair process. The Company also emphasizes fair procurement. In addition, the "key points for the implementation of supplier corporate social responsibility" are published on the official website, requiring suppliers to promise to fulfill relevant corporate social responsibility policies. (5) Directors' training records A. The Company files the Board meeting attendance and directors' training records for the preceding month by the 15th day of each month. B. In order to strengthen the professional functions of directors, taking into account the practical trend of external corporate governance, the needs of the company's business development and the professional functions of directors, the company selects professional topics in the fields of finance, risk management (including information security), business, commerce, accounting, legal affairs, preventing money laundering and combating terrorism, corporate social responsibility (ESG), or internal control system, financial reporting responsibility and other topics related to corporate governance topics, and holds refresher courses for directors. The courses are as follows: <table><tr><th>Date</th><th>Course Name</th><th>Lecturer</th></tr><tr><td>2021.07.21</td><td>Strengthening the information resilience of the financial industry - coping with risk crisis</td><td>BSI British Standards Institute Chun-Hao Hsieh, chief operating officer of Taiwan Branch</td></tr></table> The Company regularly provides directors with information on external professional courses or seminars and help them with course registration in order to encourage them to pursue continuing education and expand their professionalism. Each director has	Date	Course Name	Lecturer	2021.07.21	Strengthening the information resilience of the financial industry - coping with risk crisis	BSI British Standards Institute Chun-Hao Hsieh, chief operating officer of Taiwan Branch
	Date	Course Name	Lecturer					
2021.07.21	Strengthening the information resilience of the financial industry - coping with risk crisis	BSI British Standards Institute Chun-Hao Hsieh, chief operating officer of Taiwan Branch						

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
	Summary		
		completed the annual number of hours of continuing education required by the Essentials of Continuing Education for Directors and Supervisors of Listed Companies. The total number of training hours in 2021 was 108. Please refer to Table 1 for more information. (6) Implementation of risk management policies and risk evaluation measures A. The Company has instituted the Risk Management Policy and established rules and guidelines to manage market risk, credit risk, and operational risk. B. The Company employs sensitivity and value at risk (VaR) analyses, among others, to gauge existing or potential market risk for its trading positions. Stop-loss limits for various positions are established based on daily assessments, in order to appropriately control risk. C. The Company analyzes indicators including probability of default, loss given default, exposure, and credit rating to gauge loss and risk capital, among other risk factors. In addition to controlling the exposure of each individual client by imposing daily credit limits, the Company also monitors and controls credit portfolios on a monthly basis. D. The Company employs three lines of defense to counter operational risk: (1) every business unit undergoes routine operations management on a daily basis; (2) the operational risk management unit monitors and controls risks through Loss Event (LE) reporting, Risk Control Self-Assessment (RCSA) and Key Risk Indicator (KRI); and (3) the internal audit unit conducts audit examinations on a periodic basis. (7) Implementation of customer relations policies The Company has established measures for customer information confidentiality, personal information protection policies, personal data file security and maintenance plans, and methods for personal information processing after the termination of business to ensure the proper use and protection of customers' personal information. The Company fulfills its responsibility of keeping customer information confidential to safeguard customers' privacy and personal information. (8) Purchase of insurance for directors and supervisors The Company has entered into liability insurance contracts with insurance companies, including AIG Taiwan, extending coverage to all directors and supervisors of the Company and its subsidiaries.	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale																																																																	
	Yes	No																																																																		
	Summary																																																																			
	(9) Donations to political parties, stakeholders, and non-profit organizations A. The Company has drawn Guidelines for Donation Management. Donations made by the Company and its subsidiaries in the previous year are compiled and presented to the Board every year as required. B. The Company and its subsidiaries made a total of 56 donations in 2021, all of which were in line with the purpose of the donation. The total donation amounted to NT\$112,029,802. The donation amount of each company is as follows: <table><tr><th>Serial Number</th><th>Name of company</th><th>Donation amount</th><th>Qty.</th><th>Proportion</th></tr><tr><td>1</td><td>China Development Financial Holding Corporation</td><td>6,067,878</td><td>5</td><td>5.42%</td></tr><tr><td>2</td><td>CDIB Capital Group</td><td>20,585,715</td><td>5</td><td>18.38%</td></tr><tr><td>3</td><td>KGI Bank</td><td>28,719,110</td><td>1</td><td>25.64%</td></tr><tr><td>4</td><td>KGI Securities</td><td>25,337,472</td><td>6</td><td>22.62%</td></tr><tr><td>5</td><td>KGI Hong Kong Limited</td><td>61,717</td><td>2</td><td>0.06%</td></tr><tr><td>6</td><td>China Life</td><td>31,257,910</td><td>37</td><td>27.90%</td></tr><tr><td></td><td>Total</td><td>112,029,802</td><td>56</td><td>100%</td></tr></table> C. The Company and its subsidiaries made 26 additional material donations in 2021. The total amount of purchased material was NT\$2,235,675. The material donations of each company are as follows: <table><tr><th>Serial Number</th><th>Name of company</th><th>Purchase amount</th><th>Qty.</th><th>Proportion</th></tr><tr><td>1</td><td>China Development Financial Holding Corporation</td><td>956,967</td><td>4</td><td>42.80%</td></tr><tr><td>2</td><td>CDIB Capital Group</td><td>9,158</td><td>1</td><td>0.41%</td></tr><tr><td>3</td><td>China Life</td><td>1,269,550</td><td>21</td><td>56.79%</td></tr><tr><td></td><td>Total</td><td>2,235,675</td><td>26</td><td>100.00%</td></tr></table> D. The Company and its subsidiaries make no donations to political parties.			Serial Number	Name of company	Donation amount	Qty.	Proportion	1	China Development Financial Holding Corporation	6,067,878	5	5.42%	2	CDIB Capital Group	20,585,715	5	18.38%	3	KGI Bank	28,719,110	1	25.64%	4	KGI Securities	25,337,472	6	22.62%	5	KGI Hong Kong Limited	61,717	2	0.06%	6	China Life	31,257,910	37	27.90%		Total	112,029,802	56	100%	Serial Number	Name of company	Purchase amount	Qty.	Proportion	1	China Development Financial Holding Corporation	956,967	4	42.80%	2	CDIB Capital Group	9,158	1	0.41%	3	China Life	1,269,550	21	56.79%		Total	2,235,675	26	100.00%
Serial Number	Name of company	Donation amount	Qty.	Proportion																																																																
1	China Development Financial Holding Corporation	6,067,878	5	5.42%																																																																
2	CDIB Capital Group	20,585,715	5	18.38%																																																																
3	KGI Bank	28,719,110	1	25.64%																																																																
4	KGI Securities	25,337,472	6	22.62%																																																																
5	KGI Hong Kong Limited	61,717	2	0.06%																																																																
6	China Life	31,257,910	37	27.90%																																																																
	Total	112,029,802	56	100%																																																																
Serial Number	Name of company	Purchase amount	Qty.	Proportion																																																																
1	China Development Financial Holding Corporation	956,967	4	42.80%																																																																
2	CDIB Capital Group	9,158	1	0.41%																																																																
3	China Life	1,269,550	21	56.79%																																																																
	Total	2,235,675	26	100.00%																																																																
7. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. The Company ranked among the top 20% companies in the 8th (2021) Corporate Governance Evaluation of listed and OTC enterprises in 2022. The board of directors																																																																				

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
of the Company approved the adjustment of the "risk management committee" in July 2021, and more than half of the adjustment members are independent directors. It also completed the consolidation of the integrity management policies, completed the risk assessment of dishonest behavior, and submitted it to the integrity management committee and the board of directors respectively in April 2021. Each subsidiary will complete the risk assessment in the first quarter of 2022. In everyday operations, the Company is committed to delivering fundamental corporate governance values, such as safeguarding shareholders’ interests. The Company also keeps itself up to date with emerging governance indicators issued by the authorities and the TWSE to uphold our decent performance as well as advance sustainable corporate developments.			
8. Succession planning for the Board of Directors and senior management			
(1) In regard to the succession planning for the Board of Directors (including the Chairperson and directors), at least one of the Company’s directors shall have working experiences in banking, securities or insurance, pursuant to Article 9 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. In addition to recruiting and nominating prominent persons with the aforementioned expertise to serve as outside directors (including independent directors), the Company has been evaluating and nurturing director candidates by conducting performance evaluations of directors appointed to subsidiaries of KGI Bank, KGI Securities, and China Life on an annual basis, and having each subsidiary conduct performance evaluation of senior managerial officers on an annual basis. (2) In regard to the election of successive directors, the adoption of a candidates’ nomination is explicitly stipulated in the Articles of Incorporation of the Company. To diversify the Board composition, the Company considers a variety of factors including basic conditions and values (including gender, age, nationality, culture, and race, etc.) and professional knowledge and skills (including professional background, professional skills, and industry experience) as stipulated in the Corporate Governance Best Practice Principles. In addition to carefully considering the allocation and diversification criteria of the board of directors, the directors of the Company also take into account the independence of directors and their experience in economic, environmental and social issues (ESG). In order to select appropriate directors, the Company will select directors from professional managerial officers with management experiences in the financial or industrial industry, professional scholars and social sages. (3) In order to strengthen the effectiveness of directors in exercising their functions, the Company, taking into account the practical trend of external corporate governance, the needs of the Company’s business development and the professional functions of directors, selects professional topics in the fields of finance, risk management (including information security), business, commerce, accounting, legal affairs, prevention and control of money laundering and combating capital terrorism, corporate social responsibility (ESG), or internal control system, financial reporting responsibility and other topics related to corporate governance topics, Hold refresher courses for directors, regularly provide refresher courses or seminars from external professional institutions to directors, and assist directors in signing up, so that directors can increase their professionalism through continuous refresher courses. (4) The Company’s management hierarchy, including the presidents, executive vice presidents, senior vice presidents and department heads, perform necessary actions for the overall operation on behalf of the Company, and their scope of authority shall be in accordance with the provisions of various rules and regulations of the Company. (5) The Company’s succession plan for senior management starts with building an internal talent pool. The nurturing process includes deepening and cultivating prospective talent’s interdisciplinary professional knowledge, leadership and management skills, as well as their forward-looking vision. The Company applies a 360-			

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
degree performance approach to evaluate qualifications. Incorporating annual business goals, medium- to long-term development, and market changes into the Company's cultivation and training for successors, the Company equip successors with thorough and immersive training via cross-function assignments/rotations, project-oriented planning/execution, participation in important meetings, and acting as deputies for key management positions. (6) Shall changes occur in the Company's key managements, the Company's will screen qualified candidates from the internal talent pool, subject to the Company Act and the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. Candidates' education background, work experience, performance, management capabilities, and important contributions or achievements will be considered during the selection process. (7) Should the Company appoint professional managerial officers outside of the Company when no suitable internal candidates are found, it will evaluate their qualifications based on the Company's core values, mandates, and corporate culture. Appointment procedures should be submitted to and approved by the Board.			
9. Independence of internal audit The Company's internal rules stipulate that: The Chairperson is authorized to approve appointment or dismissal, and appraise performance and remuneration of auditors; any appointment or dismissal of the chief internal auditor shall be subject to approval by the Audit Committee and be submitted to the Board of Directors for a resolution. The Company has disclosed the Regulations for the Appointment or Dismissal, Performance Appraisal, and Remuneration of Internal Auditors on the company website.			

Table 1

Directors' Training Records in 2021

December 31, 2021

Director	Course Name	Date	Training Institution	Training Hours
Chia-Juch Chang	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	2021 annual publicity and instruction meeting on legal compliance of insider equity transactions	2021.10.28	ROC securities and futures market development foundation	3
Lionel de Saint Exupéry	2021 Green Finance Leaders Roundtable Forum - Climate Finance Trends and Risk Management	2021.04.15	Taiwan Academy of Banking and Finance	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
Stefano Paolo Bertamini	International Seminar on Money Laundering Prevention and Control	2021.01.21	Taiwan Academy of Banking and Finance	7
	2021 Green Finance Leaders Roundtable Forum - Climate Finance Trends and Risk Management	2021.04.15	Taiwan Academy of Banking and Finance	3
	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
	International AML / CFT Regulations and Environmental Trends	2021.10.28	Held by the subsidiary China Life	2
	2021 annual publicity and instruction meeting on legal compliance of insider equity transactions	2021.10.28	ROC securities and futures market development foundation	3
	IFRS 17 Standard Analysis and Financial Reporting Process	2021.11.18	Held by the subsidiary China Life	2
Shih-Lun Tan	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	Information Security Management Structure - Connecting Information Security Incidents with Stories	2021.08.31	Taiwan Insurance Institute	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
	IFRS 17 Competitive Blueprint and Corporate Governance 3.0	2021.10.26	Taiwan Insurance Institute	3
	International AML / CFT Regulations and Environmental Trends	2021.10.28	Held by the subsidiary China Life	2
	Principles for Fair Treatment of Customers for Insurance Companies Financial Friendliness and Protection of the Insurance Industry	2021.11.16	Held by the subsidiary China Life	2
	IFRS 17 Standard Analysis and Financial Reporting Process	2021.11.18	Held by the subsidiary China Life	2
Shan-Jung Yu	Development Trend of Cloud Technology	2021.05.04	Taiwan Insurance Institute	3

Director	Course Name	Date	Training Institution	Training Hours
	Application			
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
	International AML / CFT Regulations and Environmental Trends	2021.10.28	Held by the subsidiary China Life	2
	IFRS 17 Standard Analysis and Financial Reporting Process	2021.11.18	Held by the subsidiary China Life	2
Paul Yang	2021 Green Finance Leaders Roundtable Forum - Climate Finance Trends and Risk Management	2021.04.15	Taiwan Academy of Banking and Finance	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
Hsiou-Wei Lin	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
Tyzz-Jiun Duh	Future Trend of Enterprise Digital Transformation and AI	2021.02.26	Taiwan Institute of Directors	3
	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	The Value and Disclosure of Corporate Non-financial Performance - Global Trends and Impact on Taiwanese Businessmen	2021.07.27	Taiwan Corporate Governance Association	3
	The Value of Information Security in the Post Epidemic Era and the Sino-US Trade War	2021.09.01	Securities and Futures Institute	3
James Tai	Practical Analysis of Closed Company	2021.03.25	National Federation of CPA Associations of the R.O.C.	3
	Strengthening the information resilience of the financial industry - coping with risk crisis	2021.07.21	Computer Audit Association	3
	Analysis of the Latest Laws and Regulations of Integrated Real Estate Tax 2.0 - Analysis of the key Points of Income Tax Declaration of Income Tax and Integrated Real Estate Tax	2021.08.13	National Federation of CPA Associations of the R.O.C.	3
	The 13th Taipei Corporate Governance Forum	2021.09.01	Financial Supervisory Commission	3
	New Chapter of Virtual Currency and Money Laundering Prevention and Control	2021.09.07	National Federation of CPA Associations of the R.O.C.	3
	Code of Corporate Governance and Integrity	2021.11.08	Taiwan Corporate Governance Association	3
	Introduction and Response of Financial Consumer Protection Act (Fair Hospitality)	2021.12.15	Taiwan Securities Association	3

3.4.5 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional qualifications and independence analysis of the Remuneration Committee members

Criteria Name	● Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director

● He used to be the director of the Commerce Department of the Ministry of Economic Affairs, the director of the Technology Department, the director of the Industrial Bureau, the deputy minister of the Ministry of Economic Affairs, the minister of the Ministry of Economic Affairs, the executive council member and the vice president of Executive Yuan, the chairman of the National Development Committee, and the adjunct associate professor of the Department of Business Management of Soochow University, etc. He has more than 15 years of administrative management experience; he is also currently a policy consultant of the Taiwan Electrical and Electronics Industry Association, the highest consultant of the Taiwan Vehicle Industry Association, the Chief consultant of the Chinese National Federation of Industries of the Republic of China, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee of China Development Finance Holdings Corporation., familiar with the general situation of the industrial and commercial industry and economic development trends; have industry experience, professional ability of Holding Company, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Corporate Governance, Information Technology, International Experience, etc.. ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification	1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	2

	<u>Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</u> ● Not been a person of any conditions defined in Article 30 of the Company Law.	

Committee Member Hsiou-Wei Lin	● Served as the general convener of the Finance and Accounting Department of the Ministry of Science and Technology, the independent supervisor of Gaoyi Engineering, the Independent Director of Morningstar Semiconductor, the Director of Oversea-Chinese Banking Corporation, the Committee member of the Retirement Fund Committee, the Committee Member of the National Financail Stabilization Fund, Associate Dean of Student Affairs of National Tawian University, Chairman of Department of International Bussiness of National Taiwan University, Dean of the College of Management of Donghai University, Independent Director of KGI Bank, Committee Member of the Mid-/Long-term Capital Committee of National Development Council, Committee Member of National Development Fund Investment Review Committee, Advisory Committee Member of Accounting and Finance Field Committee, Ministry of Science and Technology, Director of Banking Education Association of Taiwan. He is currently a Professor of the Department of International Business and the Department of Accounting of National Taiwan University, a Committee Member of the Public Servant and Teacher Insurance Supervisory Committee, an Executive Director of the Taiwan Finance Research Association, a Director of the Taiwan Association of Board Governance, a Committee Member of the Public Service Pension Fund Management Board, an Independent Director, a Committee Member of the Audit Committee and Remuneration Committee of AFASTOR Co., Ltd., and a	1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1

	Committee Member of the Audit Committee, Remuneration Committee, Risk Management Committee and Ethical Corporate Management Committee of China Development Finance Holdings Corporation. He has professional capabilities and practical experience in Holding Company, Commercial Banking, Securities and Insurance, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, etc ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	

Committee Member Hsing-Cheng Tai	● He used to be a partner of Ernst & Young CPA firm for more than 32 years. He is currently a director of Ernst & Young Cultural and Educational Foundation, the vice chairman of the Chinese Tax Agents Association, the vice chairman of the Taipei Tax Agents Association, and the general manager of the Republic of China Certified Public Accountants Association. Chairman of the International Affairs Committee of the Federation, a member of the Audit Committee, Remuneration Committee, CSR Committee, Risk Management Committee and Ethical Corporate Management Committee of China Development Finance Holding Company, specializing in finance, financial and accounting and corporate operations Management and other practical experience; with Commercial Banking, Securities and Insurance, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership and other industry experience, professional ability and practical experience. ● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company". ● Not been a person of any conditions defined in Article 30 of the Company Law.	1. Not an employee of the Company or any of its affiliates. 2. Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate. 6. Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 7. Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 8. Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.) 9. Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	2

Note 1: Please specify in the table the relevant years of service, professional qualifications and experience and independence of the members of the remuneration and remuneration committee. For independent directors, please refer to the relevant information of directors and supervisors (I) on the page OO. Identify yourself as an independent director or other (make a note if he/she is a convener).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence Compliance: Independent directors should clarify whether they are independent, including but not limited to whether themselves, their spouses, their relatives within the second degree of kinship within the scope of the company or its affiliated enterprises are directors, supervisors or employees of the company; whether themselves, their spouses, their relatives within the second degree of kinship within the scope of the company (or in the name of another person) hold the number and proportion of shares of the company; whether they are directors, supervisors or employees of companies with specific relationships with the company (see Article 3, Paragraph 1, Subparagraph 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Followed); and the amount of remuneration received for providing business, legal, financial, accounting and other services of the company or its affiliated enterprises in the last 2 years.

B. Operations of the Remuneration Committee

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

(2) A total of 12 meetings were held in 2021. The attendance of members is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Convener	Tyzz-Jiun Duh	8	0	100	
Committee Member	Hsiou-Wei Lin	8	0	100	
Committee Member	James Tai	8	0	100	

Other matters required to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

Note:

- (1) When members of the Salary and Remuneration Committee resign before the end of the year, the Notes column should contain the date of resignation. Attendance rate (%) shall be calculated based on the number of remuneration committee meetings convened and the actual presence during his/her term of service.
- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, the succeeding and preceding members shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. Attendance rate (%) shall be calculated based on the number of remuneration committee meetings convened and the actual presence during his/her term of service.

3.4.6 Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
1. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (Part-time) unit to promote sustainable development, which is handled by the senior management authorized by the board of directors and supervised by the board of directors?	V		Referring to Principles for TWSE/TPEX-Listed Companies, the Company has set up a "sustainability committee" under the board of directors, which includes six working groups on corporate governance, social welfare, environmental sustainability, customer rights, responsible finance and employee care. The senior management of the Company serves as the team leader to be responsible for the planning and implementation of the specific promotion plan, and regularly reports the discussion contents to the board of directors. Four meetings were held in 2021 to discuss the implementation of the 2020 work plan, pass the 2020 corporate social responsibility report, report the overview of sustainable promotion in 2021 and pass the 2022 work plan.
2. Does the company conduct risk assessments on, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?	V		According to the themes disclosed by GRI Standards and the important development strategies of the Company, the Company sends major theme questionnaires to stakeholders, carries out risk assessment on environmental, social and corporate governance issues related to the Company's operation through the sustainability Committee, and identifies the major themes of ESG in the year, including: Corporate governance, risk management and information security are included in the Company's sustainable development strategy. There are corresponding policies and norms for major themes (such as "code of sustainable development", "code of good faith operation", "code of corporate governance practice", "risk management policy", "information security management policy", etc.) to facilitate the implementation of various management and evaluation mechanisms.
3. Environmental issues (1) Does the Company establish an environmental management system	V		(1) The Company introduced ISO 14001 environmental management system and passed the verification in 2015, and continued to be committed to the sustainable

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
proper to its industry's characteristics?			development of the environment. The subsidiary China Life introduced ISO 14001 environmental management system and passed the verification in 2020, and passed the annual follow-up review of external certification bodies in 2021 to maintain the validity of the certificate. The main subsidiaries have formulated environmental management related specifications, and the general affairs related units are the special units responsible for environmental management, responsible for the management and supervision of office environment and equipment.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		(2) The Company follows the international environmental management system and is committed to improving the utilization efficiency of various resources; KGI Securities, a subsidiary, established and verified the ISO 50001 energy management system in 107 to enhance the efficiency of energy use, and obtained a new certificate through the renewal review of external certification bodies in 2021. In 2021, through the self built solar photovoltaic equipment, we applied for the registration of renewable energy certificates from the standard Inspection Bureau of the Ministry of economy, and obtained about 90,450 degrees of green power to assist the development of renewable energy in China.
(3) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	V		(3) The Company has assessed the impact of climate change risks on operations or assets, and put forward the goal of net zero carbon emission in 2045 and response strategies. This strategy includes improving the carbon emission of its own operating sites, identifying and measuring the physical risk and transformation risk of investment and financing assets, and further negotiating and adjusting asset allocation to achieve the purpose of long-term sustainable operation.
(4) Does the company calculate the amount of greenhouse, water consumption, and waste production in the past two years	V		(4) A. Greenhouse gas emissions, water consumption and waste volume for 2020 and 2021 are shown in the table below:

Evaluation Item	Implementation Status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof			
	Yes	No	Summary					
			Item	2020		2021		
and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?			Greenhouse gas (tCO2e)	Scope 1	1,164.25	0.14	1,758.97	0.19
				Scope 2	20,856.84	2.54	20,270.39	2.23
				Scope 3	6,237.65	0.76	7,164.27	0.79
			Water consumption (degree)		232,198.00	28.25	213,660.00	23.47
			Waste (tons)		444.94	-	488.73	0.05
			B. The Company adheres to the international environmental management system, and has annually recorded the greenhouse gas emissions, water consumption and total waste weight since 2009. The statistical scope has reached all domestic locations and is disclosed in the Company's Sustainability report. The Company introduced the ISO 14064-1 greenhouse gas inventory standard in 2016, conducted annual inventory checks and passed the verification operation of external laboratories, and expanded the scope of greenhouse gas inventory checks to the headquarters buildings and branches of subsidiaries every year, and carried out carry out systematic and consistent inspections. C. In order to fulfill its corporate social responsibilities, the Company has formulated relevant energy-saving and carbon reduction strategies, including: 2016 is taken as the base year to set the medium- and long-term targets. The reduction of greenhouse gas emissions by more than 3%, the reduction of electricity consumption by more than 3%, and the reduction of water consumption by more than 2% in 2021, which are in line with the long-term targets set. In addition, the statistical coverage rate of waste is expanded to 99.27%.					

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Conventions of Human Rights?	V		(1) he Company recognizes and abides by the principles of international human rights conventions, and human rights commitments apply to The Company and its subsidiaries within the group. The Company's specific management plan for human rights protection includes continuous publicity on issues such as gender equality, sexual harassment prevention and control, personal data protection and workplace safety, which helps to enhance the human rights awareness of all colleagues. For the content of "human rights commitment", please go to the company's website / sustainable development / corporate governance / relevant rules and regulations (https://www.cdfholding.com/en/esg/governance)
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		(2) The Company attaches importance to the remuneration and benefits of all employees, provides competitive salary treatment in the market, and provides annual leave, health checks and group insurance that are superior to the provisions of the laws and regulations. The Company pays annual performance bonuses based on its overall operating results and individual performance, and the operating results or results are appropriately reflected in employee compensation
(3) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		(3) The Company attaches importance to the safety of employees and provides a healthy working environment. Relevant practices include: A. The Group allocates occupational safety and health personnel in accordance with regulations and regularly implements safety and health education and training courses. At the same time, the Group will regularly carry out the detection of office environment related to office internal lighting and carbon dioxide, as well as the detection of turbidity, pH quality and Escherichia coli of drinking water, and regularly clean the reservoir and air-conditioning cooling water tower to provide a healthy working environment for employees. B. The Company adds group insurance for employees and handles employee health examination; At the same time, the main subsidiaries of the group employ or

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
			contract nurses and doctors in accordance with the regulations to carry out the business related to employee health promotion and occupational disease prevention, and provide medical and health care information and handle health lectures from time to time. C. Each office building shall handle the maintenance and declaration of fire safety equipment in accordance with the regulations, and regularly hold fire safety drills to improve colleagues' concept of disaster prevention and disaster response ability. D. The Group has established strict access regulations to ensure that employees and other operations personnel are in compliance with access permissions across office locations. The main office buildings shall have 24-hour security personnel that routinely engage in safety patrol to ensure the personal security of employees at each office location. E. KGI Securities, the group's main subsidiary, launched the introduction of ISO 45001: 2018 occupational safety and health management system standard in 2020, and passed the inspection and certificate of ISO 45001 occupational safety and health management system third-party organization in May 2021. F. In total, 29 employees of the Group applied for injury leave in 2021, accounting for 0.2% of all employees.
(4) Does the Company establish effective career development and training plans for its employees?	V		(4) Talents are the root of the enterprise, and the Company's consistent philosophy is to attach importance to employee development. The Office of Human Resources adheres to this policy and provides a rich and extensive curriculum for colleagues. In addition to online learning courses, the Office is more committed to organizing various financial professional courses and career development courses in line with international financial development trends.
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety,	V		(5) The Company's relevant products and services and customer privacy comply with the financial consumer protection act, the personal data protection act, relevant regulations and international standards. KGI Bank and KGI Securities,

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
	Summary		
right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures? (6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V	its subsidiaries, implement the "principle of fair hospitality in the financial service industry" to improve employees' awareness of financial consumer protection and compliance with relevant laws and regulations. A complete "customer complaint and dispute resolution criteria" and customer complaint resolution process (CCRP) are established to record and analyze the types, contents, causes, treatment process, treatment effectiveness and improvement measures of customer complaints in each channel in detail. (6) A. In terms of supplier management, the Company has clearly stipulated the relevant norms of supplier corporate social responsibility. Through measures such as prior screening, performance management, on-site inspection, supplier annual evaluation and supplier annual self-evaluation, The Company selects suppliers according to their professional quality, licenses / certificates, performance report, friendly environment, etc., and invites them to sign the "supplier corporate social responsibility commitment" according to the requirements of the contract, Conduct supervision and management and standardize that they should follow relevant principles and norms such as labor human rights, occupational safety and health, fire control regulations, environmental protection, honest operation and consumer protection, so as to avoid significant negative impact on the environment and society and fulfill corporate social responsibility. If there is a violation that has a significant impact on the environment and society, and the improvement is not improved or incomplete after the required improvement within a time limit, the group may terminate or terminate the contract, impose a fine or suspend the right. If the circumstances are serious, it shall be removed from the list of qualified suppliers. B. In order to ensure that suppliers do implement relevant corporate social responsibility policies, when selecting suppliers, they will check whether there are environmental hazard records or fines, and continue to check every year. They may also send personnel to suppliers for on-site visits according to relevant	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			business needs; In addition, the self-assessment form is provided for major suppliers to self check the compliance of corporate social responsibility matters. The Company has conducted supplier selection and excellent supplier praise since 2019, and will continue to publicize and guide suppliers to strengthen supplier management.	
5. Does The Company prepare Sustainability Reports and other reports that disclose non-financial information of securities finance companies with reference to international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?	V		The "2020 corporate social responsibility report" published by The Company in 2021 is based on the core options of the sustainability reporting standards (GRI standards) issued by the global sustainability Standards Board (GSSB), and entrusted BSI (British Standards Association Taiwan Branch) to verify the data of the whole report and grant type 2 AA1000 certification, In addition, KPMG (anhou Jianye United Certified Public Accountants) was entrusted to confirm the items to be disclosed by the financial and insurance industry in accordance with the provisions of the "operating measures for listed companies to prepare and report Sustainability Reports" of the stock exchange.	No deviation
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: None				
7. Other important information to facilitate a better understanding of sustainable development practices: See Evaluation Items 1-4 above.				

3.4.7 Ethical Corporate Management and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have established and disclosed ethical corporate management policies and procedures that have been approved by the Board in its guidelines and external documents, as well as the commitment from its Board and high-ranking management to implement the policies?	V		(1) The Company has established Ethical Corporate Management Best Practice Principles, which have been passed in both the Board meeting and the shareholders' meeting. The Company also established the Code of Ethical Conduct, Code of Conduct for Employees, and Subsidiary Insiders Discipline, and forbids any violation against business integrity, unlawful conduct, or breach of fiduciary duty, and specifically requiring that business deals should be conducted in a fair and transparent manner. The Company complies with the Ethical Corporate Management Best Practice Principles and promotes the implementation of corporate social responsibility. The directors and senior executives of the Company have signed the statement of compliance in the Ethical Corporate Management Policy. Related policies and approaches are disclosed on the company website and in annual reports and ESG reports.
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) In order to improve the programme for the prevention of bad faith behaviors and to comply with the requirements of fair competition, the Company revised the "Ethical Corporate Management Best Practice Principles" in February 2022 to include "Engaging in unfair competitive practices" in the scope of prevention. In addition, in order to comply with the "Engaging in unfair competitive practices" and to enable the directors, managers, employees, appointees and substantive controllers of the Company and the Subsidiaries to fully understand the consequences and risks of any anti-money laundering, anti-corruption and anti-bribery and anti-abuse and anti-unfair

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
(3) Does the Company have established operating procedures, action guidelines, penalties, and appeal systems for preventing unethical conduct, and a processes for the review of the aforementioned procedures and systems on a regular basis?	V		competition conduct, the Company intends to have a "Statement of Anti-Money Laundering, Anti-Corruption and Anti-bribery and Anti-abuse and Anti-unfair Competition" (the "Statement") of the Company and the Subsidiaries. The amendments to the the "Ethical Corporate Management Best Practice Principles" and the contents of the Statement were approved by the Board of Directors on February 14, 2022 and approved by the Board of Directors on March 28, 2022. The revised the "Ethical Corporate Management Best Practice Principles" is posted on the official website and the intranet, and is published on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation. The content of the Statement is also disclosed in the "Anti-Money Laundering and Integrity Business Promotion" section of the official website of the Company and on the intranet to ensure that the Group's colleagues fully understand the principles of the Company's good faith business.
			(3) On November 11, 2020, the Company's Ethical Corporate Management Committee adopted the Unethical Conduct Risk Assessment Mechanism, and the Company conducted the first integrity conduct risk assessment operation in the first quarter of 2020. The assessment results were reported to the Ethical Corporate Management Committee on April 16, 2021 and to the Board of Directors on April 26, 2021. In the coming years, the previous year's Unethical Conduct Risk Assessment will be handled by the first quarter of each year. In accordance with the resolution of the Ethical Corporate Management Committee on April 16, 2021, the subsidiaries China Life, KGI Bank, KGI Securities, CDIB Capital Group and China Development Asset Management Corp. also commenced the risk assessment of unethical conduct in the first quarter of 2021.

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
			In accordance with the "Ethical Corporate Management Best Practice Principles" of the Company, if an employee at the Company discovers a violation of provisions related to ethical corporate management, the employee shall take the initiative to file a whistleblower complaint to the Audit Committee, managers, the Chief Audit Executive, the Human Resources Department or other appropriate supervisors. The Company also stipulates the "Guidelines for Handling Cases of Reporting Illegal, Unethical or Bad Faith Acts", the Compliance Department is taken as the report accepting unit, provides written, email, telephone and other reporting channels, and regulates that the Company shall ensure the confidentiality of the identity and content of the reporter, and actively check the contents of the report
2. Fulfillment of ethical corporate management (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		(1) The Company continues to implement its philosophy of ethical corporate management and avoids any dealings with counterparties with a track record of unethical conduct. All supplier partners are selected based on responsible procurement principles. In 2016, the Company issued the Supplier Corporate Social Responsibility Guidelines, under which the Company and its suppliers are bound to follow the provisions of labor rights protection, environmental protection, and code of ethics. The Company also continues to invite suppliers to sign the Letter of Undertaking regarding Supplier Corporate Social Responsibility to contribute to a balance between economic, social and ecological concerns and sustainable development.
(2) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate	V		(2) The Company established the Ethical Corporate Management Committee in October 2019 to handle the establishment and execution of policies and prevention programs in relation to

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)? (3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V	business integrity. Since 2020, the Ethical Corporate Management Committee has reported to the Board on the implementation of ethical corporate management on a yearly basis. (3) In order to prevent potential conflict of interest and facilitate immediate resolution, employees are obligated to report to their departments and the human resource department any commercial activities they have conducted in a private capacity and outside the Company. When required by law or under special circumstances, permission to undertake concurrent employment must be sought in a managing directors meeting or Board meeting beforehand. The Company will carefully evaluate all concurrent employments reported by employees in order to identify potential conflicts of interest.	
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V	(4) The Company has established effective accounting policies and internal control systems to ensure business integrity. The Internal Audit Department is required to conduct general audits at least once a year, and special audits (finance, risk management, or compliance-related) at least once every six months on the Company and its subsidiaries. The Internal Audit Department also conducts regular checks on subsidiaries with regards to their establishment, execution, and compliance of business integrity principles. The integrity management committee of the Company approved the risk assessment mechanism of dishonest behavior on November 11, 2020, and conducted the assessment in the first quarter of 2021. The assessment results were submitted to the integrity management committee on April 16, 2021 and the board of directors on April 26, 2021, based on which the relevant prevention plan was reviewed and revised. The Internal Audit	

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
(5) Does the company regularly hold internal and external training on ethical corporate management?	V	(5) The Company conducted the Corporate Integrity Management Online Course in the year 2021 to internally promote the "Ethical Corporate Management Best Practice Principles" of the Company. All the Company's employees completed the training, and learned well. When the colleagues completed the training, they also signed the online commitment to abide by the relevant provisions of the Company's "Ethical Corporate Management Best Practice Principles".	
3. Operation of the whistle-blowing system (1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V	(1) The Company encourages employees to take initiative in notifying the Audit Committee, managerial officers, internal audit officers, or any supervisor deemed appropriate upon the discovery of any situation that would constitute a violation against laws or policies. The Company has also established the Whistle-Blowing Policy and Procedures for Illegal and Unethical Matters, and authorized the Compliance Department to handle all compliant cases. The said Policy covers the procedures for handling reported cases and protecting and rewarding whistle-blowers. In terms of reporting channels, the informant may report through telephone, fax, written or e-mail.	No deviation
(2) Does the company establish the standard operating procedures for investigating reported misconduct and related confidentiality mechanisms?	V	(2) The Company will assign special personnel to handle the whistleblowing cases in confidential manner. The processing process and relevant data will also be kept confidential, and access rights will be limited. The investigation results of the reported case shall be reported to the integrity management committee or the audit committee of this corporation according to the rank of the opposite party, and the	

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
(3) Does the company provide protection for whistle-blowers against receiving improper treatment?	V	informant shall be informed in writing of the handling of the case. For the verified cases, the relevant units of the Company shall be responsible for reviewing the internal control and operating procedures, and put forward improvement measures to prevent the recurrence of the same behavior. (3) If the informant is an employee of The Company, The Company shall provide appropriate protective measures and ensure that the employee will not be subjected to improper treatment due to the informant.	
4. Enhancing information disclosure Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V	The Company has a "Ethical Corporate Management Best Practice Principles" and reveals relevant policies and practices on The Company's website, annual report and ESG report.	No deviation
5. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: No deviation.			
6. Is there any other important information to facilitate a better understanding of the company's ethical corporate management practices (such as the Company's review and amendment of its Ethical Corporate Management Best Practice Principles): See items 1 ~ 4 of this table for details.			

3.4.8 Access to the Company's Corporate Governance Best Practice Principles and Related Rules and Regulations

The Company has formulated the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Code of Conduct for Employees", "the Board Performance Evaluation Criteria" and other relevant regulations on corporate governance. Please go to the "governance / corporate governance" section of the Company's website and the public information observatory "rules and regulations related to corporate governance".

3.4.9 Other Information Providing a Better Understanding of the Company's Corporate Governance Status

Please go to the "corporate governance / corporate governance" section of The Company's website (<https://www.cdfholding.com/en/esg/governance>) or public information observatory (<http://mops.twse.com.tw/mops/web/index>; code 2883)

3.4.10 Implementation of Internal Control System

1. Statement on Internal Control System

Statement on Internal Control System of China Development Financial Holding Corporation

We hereby declare on behalf of China Development Financial Holding Co., Ltd., that, in accordance with the Implementation Rules of Internal Control and Audit Systems of Financial Holding Companies and Banking Industry, from January 1, 2021 to December 31, 2021, the Company established an internal control system, performed risk management, and was audited by an detached and independent internal auditing department, which regularly reports to the Board and the Audit Committee. After a careful assessment, except for the items listed on the attachment, all units were able to effectively implement internal control and legal compliance tasks during the year. This statement shall be included as an integral part of the Company's annual report and prospectus, and shall 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.

To:

Financial Supervisory Commission, R.O.C

Stated by

Chairman: Chia-Juch Chang

President: Stefano Paolo Bertamini

Chief Auditor: Hans Tzou

Compliance Officer: Julian Yen

Dated: March 28, 2022

China Development Financial Holding Corporation
Plan for Improving the Internal Control System
(As of December 31, 2021)

Area for improvement	Rectification measures	Estimated time of rectification
KGI Bank		
1. In accordance with the provisions of Article 61 Paragraph 1(1) of the Banking Act of the Republic of China, KGI Bank shall correct the significant deficiency involved in the management of credit granted to specific interested party, and it may hinder the sound operation of the Bank.	The mechanism of the credit approval process of interested parties has been updated and strengthened, and also that of post-loan management and system control function.	All have been rectified.
2. A former account officer (AO) of a specific branch has lent his account to others and indirectly dealt with fund transfer of the customer. The customer's mailing address is the same as that of the AO.	(1) The monitoring report on AO's accounts has been added, and the enforcement measures for all branches will be updated. (2) A verification process on same personal data has been strengthened, and additional verification measures will be enforced.	(1) Estimated to be rectified by the end of April 2022. (2) Estimated to be rectified by the end of April 2022.
3. A former operation manager (OM) of a specific branch misappropriated client funds.	(1) Strengthen personnel education and training, and carry out staff rotation between branches. (2) Function of notification on account data alteration has been added.	(1) All have been rectified. (2) All have been rectified.
4. As per the result of AMLCFT operation, we found that 2 customers selected the category of occupation as "Freelancer/Home Manager/Student or Others", but the working title was selected as "Person in Charge" without sufficient information for OP staff to review and identify the risk rating.	Once customers select category of occupation as Freelancer or Others with title as Person in Charge, the applicant will be included in the enhanced inspection measures.	Estimated to be rectified by the end of June 2022.
KGI Securities		
1. Taiwan Stock Exchange conducted an inspection on Host Co-Location from 9 November 2020 to 10 November 2020 and raised following IT related findings : (1) The audit log of Host Co-Location was not kept for three years. (2) The records of entry and exit of Firewall and the backups were not kept for three years. (3) Vulnerability assessment was not conducted in the second half year of 2019.	(1) To review and safe keep the audit log of Host Co-Location. (2) To review and safe keep the records of entry and exit of Firewall and the backups. (3) To review and include the list of hosts for Vulnerability assessment.	(1) All have been rectified. (2) All have been rectified. (3) All have been rectified.
2. Taiwan Stock Exchange conducted an inspection from 2 December 2021 to 3 December 2021 for cyber security incidents that we reported and raised following findings : (1) Authentication mechanism for account log-in is insufficient. (2) It was delayed in reporting cyber security	(1) To enhance System login authentication mechanism. (2) To make reporting of cyber security incident in accordance with the timeline requirement. (3) To conduct the system launch in accordance with the	(1) All have been rectified. (2) All have been rectified. (3) All have been rectified. (4) All have been

Area for improvement	Rectification measures	Estimated time of rectification
incident. (3) IT system launch was not conducted in accordance with the procedure. (4) The internal control system was not reviewed in due course and implemented accordingly.	procedure. (4) Multi-factor authentication mechanism has already been implemented on 20 January 2022 to verify client's identification for the application of electronic certificate.	rectified.
China Life		
1. Synchronous replication mechanism to offsite recovery center has not been established and simulations of various disaster scenarios were not included in the offsite backup recovery operation to strengthen disaster recovery response capability.	1. The Company has adjusted the synchronous replication mechanism of offsite recovery environment, revised the internal regulations to include response measures toward various disaster scenarios, and completed recovery drills.	All have been rectified.
2. The information security management of e-learning system was found inappropriate. The Company should review information security incident reporting process and implement review on information security assessment.	2. The Company has revised the "Information Security Incident Notification and Response Management Measures" to enhance incident response management mechanism and strengthened security control measures and inspections of e-learning related systems.	All have been rectified.

- 2. Where the competent authority has required the company's internal control policies to be reviewed by a CPA, the CPA review report must be disclosed:**

None

3.4.11 Penalties imposed on the Company and its subsidiaries during the most recent two years for illegalities and major deficiencies, and improvements made

- 1. Prosecution against the Company's statutory responsible person or any employee for crimes committed on the job:**

None

- 2. Any penalties, either in the form of fines imposed by the Financial Supervisory Commission (FSC) for violations of laws and regulations, or shortcomings reprimanded by the FSC, or penalties imposed by the FSC in accordance with Paragraph 1, Article 54 of the Financial Holding Company Act, or other penalties imposed by the Company for violations of its internal control systems, that could substantially affect shareholders' rights or the Company's share price, or any enforcement actions prescribed in Article 2 of the Regulations Governing Public Disclosure by the Financial Supervisory Commission of**

Material Enforcement Actions for Violations of Financial Legislation should be disclosed in detail, including the nature of the case and the status of improvement:

Shortcoming	Improvement
Financial Supervisory Commission Letter No. 1090491902D dated May 19, 2020 When engaging in insurance brokerage, KGI Bank failed to fill in the salesperson report with the correct sources of premiums for policyholders who applied to purchase policies through policy loans, which violated Paragraphs 4 and 8, Article 163 of the Insurance Act and Subparagraph 23, Article 49 of the Regulations Governing Insurance Brokers. The FSC required rectification within one month and imposed a fine of NT\$600,000.	KGI Bank has improved operating procedures for selling insurance policies, along with establishing a system for monitoring and auditing.
Financial Supervisory Commission Letter No. 10903518471 dated September 1, 2020 The following shortcomings were identified in the futures brokerage business. KGI Futures was requested to take heed of and correct these issues in addition to paying a fine of NT\$480,000. I. KGI Futures did not immediately announce information regarding the negative trading price of E-Mini Crude Oil Futures ("QM Futures") provided by CME Group on the New York Mercantile Exchange (NYMEX), which violated Paragraph 3, Article 28 of the Regulations Governing Futures Commission Merchants. II. As the trade server failed to calculate negative prices of the QM Futures, KGI Futures was unable to control relevant risks in day trading, which violated Paragraph 2, Article 2 of the Regulations Governing Futures Commission Merchants.	Improvements made by KGI Futures: I. On May 5, 2020, KGI Futures announced potentially negatively priced foreign futures on the company website. II. On September 8, 2020, KGI Futures set up a dedicated section on the company website for foreign exchange announcements for investors to reference. III. KGI Futures has made adjustments to the futures server regarding the processing of negative quoted prices and closing prices; it launched on April 22, 2020. The processing of negative prices with respect to quotations, calculation of floating profit and loss, risk indicators, and sales and purchase reports have been available since April 27, 2020.
Financial Supervisory Commission Letter No. 10904935791 dated September 18, 2020 The following three shortcomings were identified by the FSC in the ad hoc audit. KGI Insurance Brokers was reprimanded and requested to correct the shortcomings within one month in addition to paying a fine of NT\$800,000. I. Reprimand	Improvements made by KGI Insurance Brokers: I. The sales script used in for selling investment-linked insurance policies to customers aged 70 and above was modified on March 26, 2020. II (I) (1) KGI Insurance Brokers established procedures for verifying applicants'

Shortcoming	Improvement
When selling investment-linked insurance policies to customers aged 70 and above, salespersons only explained the policies verbatim to the customers based on the template, and omitted explaining important content of the policies, including the terms and conditions. II. Request for correction within one month and a fine: (I) KGI Insurance Brokers set up a system to review whether an applicant's address nearby to a local branch or the residence of an insurance agent. However, the following practices were found to have violated Paragraph 1, Article 6 and Paragraph 1, Article 7 of the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies: (1) When an applicant's permanent address was different from the residence address, KGI Insurance Brokers filed the applicant's permanent address without verification. (2) When submitting an applicant's change of address to the insurance company, KGI Insurance Brokers did not file the new address for verification. (II) KGI Insurance Brokers failed to confirm the suitability of an insurance product to specific consumers, which violated Subparagraph 23, Article 49 of the Regulations Governing Insurance Brokers. (III) When conducting phone interviews with customers regarding investment-linked policies, KGI Insurance Brokers did not fully inform customers whose source of funds for premiums paid was a time deposit canceled early or who withdrew partial fees payable midway, which violated Paragraph 5, Article 33 of the Regulations Governing Insurance Brokers.	permanent and residence addresses on August 19, 2019. (2) The process of verifying an applicant's change in address has been in practice since January 1, 2020. (II) (1) KGI Insurance Brokers included pre-signed blank forms in the checklist of applicant documents to be submitted. Application documents should be reviewed and approved by the employees in charge before being submitted to the insurance company. (2) In case of any change in the risk attribute of an investment-linked insurance policy, an insurance agent should specify the reason for the change in the note and, upon the authorized supervisor's approval, conduct an interview with the customer for verification before submitting the policy to the insurance company. (3) Since August 1, 2019, KGI Insurance Brokers has reviewed and adjusted the questions asked in the telephone interview with customers whose source of funds for premiums paid is a time deposit canceled early or who withdraw partial fees payable midway.
Financial Supervisory Commission Letter No. 1090373803 dated December 24, 2020 Taiwan Stock Exchange, Taiwan Futures Exchange, and Financial Examination Bureau identified the	Improvements made by KGI Securities: I. On November 24, 2020, KGI Securities drafted and issued into effect the Notice of Insider Account and Trading Control for

Shortcoming	Improvement
following deficiencies in the ad hoc audit, indicating that KGI Securities did not have a well-designed and implemented internal control system, failed to put the internal control system into practice, and that KGI Securities did not fulfill its responsibility for supervising and managing its managerial officers and brokers. KGI Securities was given a warning and fined NT\$3.36 million, along with suspending managers from trading in securities and futures for six months. I. The former broker ○○○ Lai (Lai) from ○○c Branch, has the following violations: (I) In 2018, Lai solicited the fund subscription and guaranteed profits to customers. (II) In 2019 and 2020, Lai agreed to trade in futures on the behalf of ○○ Wu, ○○ Weng, ○○ Li, ○○ Hsiao, and other customers. Lai asked them to provide funds to trade in futures using his insider account. (III) From January 1, 2018 to September 30, 2020, Lai had financial dealings with futures traders ○○ Huang, ○○ Tsai, and ○○ Ho. (IV) In 2018, when engaging in electronic futures trading at the office, Lai made 6 transactions in 5 days without using an intranet IP address. II. KGI Securities and its managerial officers failed to put the internal control system into practice. III. KGI Securities did not have a well-designed internal control system or the ability to implement it correctly.	Brokers. In addition to taking relevant control measures, KGI Securities has reviewed the balances of the employees' personal accounts and relevant insider accounts on a monthly basis. An amendment to the above notice was made on January 8, 2021, increasing control over the concentration of transactions by brokers. II. On December 30, 2020, KGI Securities required that managerial officers at each branch take enhanced control measures for their employees' operations and behaviors in order to prevent unethical behavior. III. KGI Securities reiterated that employees comply with the code of conduct, and has asked them to sign in acknowledgement. IV. In Q3 2020, KGI Securities revised the questions asked in customer interviews in order to understand whether customers lent money to brokers, applied for discretionary investments, or remitted funds or securities settlement payments to brokers' accounts, etc. V. Beginning November 27, 2020 supervisors at all levels were required to check insider transactions in order to understand why they occur, and provide audit details and results on appropriate forms. VI. On October 13, 2020, KGI Securities reiterated to each branch that employees must only engage in electronic trading at the office and using the intranet IP in accordance with all regulations.
Decree 1090376022 and Dcree 10903760221 issued by FSC dated February 3rd, 2021 The FSC conducted a special inspection on the futures brokerage business of KGI Futures and found the following deficiencies, which have violated the futures management laws and regulations, and shall be fined NT \$480000 and corrected: 1. Failure to comprehensively assess the risk-taking degree of the trader's assets, financial resources and credit status to verify the trading limit. 2. The trading quota is relaxed without the application for financial proof. 3. There are no specific specifications for the comparison and verification logic and verification	Improvements made by KGI Futures: I. The "key points for the control of customer transaction quota" have been formulated and announced for implementation on July 12, 2021. II. The "adjustment of trading quota control, application and inspection of traders" has been announced. Since May 24, 2021, if a trader fails to provide financial supporting documents that meet the requirements of the company, the trading quota of the margin required for its domestic and foreign entrusted accounts (under the general account

Shortcoming	Improvement
process between insider transactions and customer entrusted trading records. 4. The "insider trading information" reveals that there are abnormal circumstances in which the consigned trading execution clerk does not use the company's intranet address to place an order when engaging in futures trading on the Internet at the business office. The company fails to deeply understand and urge the relevant personnel to handle it in accordance with the regulations in advance, and is responsible for poor supervision and management. 5. The transaction statement of the trader is sent to the email address of the clerk of this corporation. 6. Failing to distinguish from other principals in an appropriate manner in handling the internal personnel account management operations, and the internal personnel of this corporation and the futures trading assistant have resigned or resigned, have not cancelled their accounts or changed to general principal accounts, etc.	control) shall not exceed NT \$500000 (inclusive). III. A standard has been established for the comparison and verification logic and process of insider trading and customer entrusted trading records. It has established an automated report on the transaction comparison between the salesperson's own account and its customers every day, and send the system to the internal staff's supervisor to review whether there is any conflict of interest. The previous disclosure operation was implemented on March 17, 2021. IV. It has announced the "verification operation of internal personnel using external IP", and it will provide the "list of internal personnel using external IP" to its supervisor every week to check its rationality and keep relevant records. The previous disclosure operation has been implemented since May 4, 2021. In addition, the salesman was warned once on January 18, 2021. V. The "same data comparison and relationship maintenance between insiders and customers" was announced on October 28, 2020 and has been implemented since November 2020. VI. Since July 29, 2020, the Company has printed the daily statement of non insider status and opening an insider account. If the insider account exceeds the effective date of resignation and has not been cancelled or frozen, the account opening site is required to freeze the account directly and notify it to cancel the account.

3. Disclosure of losses exceeding NT\$50 million occurred during the year, whether by one event or aggregately over several events, as a result of extraordinary non-recurring incidents (such as fraud, theft, embezzlement, fictitious transactions, forgery of documents and securities, kickbacks, natural disasters, external forces, hackers' attacks, theft and leakage of confidential information, disclosure of customers' details or other material occurrences), or accidents arising due to lack of financial security measures:

None.

4. Other disclosures mandated by FSC

None

3.4.12 Important resolutions of shareholder meetings and board meetings during the most recent year, and up to the date of publication of this annual report

1. Important resolutions of the 2021 Shareholders' Meeting (July 20, 2021) and their implementation:

Important resolution	Implementation
1. Ratification of the 2020 business report and financial statements.	Reported the resolution to regulatory authorities (pursuant to Company Act, Financial Holding Company Act and other relevant laws and regulations) and announced publicly.
2. Ratification of the proposal for 2020 earnings distribution plan.	The cash dividends were allocated on September 3, 2021.
3. Approval of the amendments to the "Regulations for Financial Derivatives Transactions".	Amended Regulations for Financial Derivatives Transactions on August 3, 2021.
4. Approval of the amendments to the "Regulations for Shareholders Meeting Procedure".	Amended Regulations for Shareholders Meeting Procedure on July 22, 2021.
5. Approval of the amendments to the "Regulations for Shareholders Meeting Procedure".	The base date for the capital increase of the new shares with restricted employee rights for free issuance is December 1, 2021. A total of 109,991,000 new shares with restricted employee rights are issued for free, and the listing date is January 13, 2022.
6. Approval of the proposal for lift of non-compete restriction on the directors of the board.	The resolution would be effective upon passage in the shareholders' meeting.

2. Important resolutions of the 2021 EGM (October 1, 2021) and their implementation:

Important resolution	Implementation
1. Approval of the amendments to the "Articles of Incorporation".	Amended Regulations for Shareholders Meeting Procedure on October 1, 2021.
2. Approval of the Proposal to enter into the Share Swap Agreement with China Life Insurance Co., Ltd. and issue new common shares and preferred shares.	On October 1, 2021 the company passed 2021 Extraordinary General Shareholders Meeting Agenda to conduct a share swap transaction to convert China Life into a 100%-owned subsidiary of the Company. The Share Swap Agreement with China Life Insurance Co., Ltd. and issue new common shares and preferred shares was approved by the Financial Supervision and Administration Commission's letter of Decree No. 1100228449 issued by FSC dated November 16, 2021., and was approved by the 44th meeting of the 7th term Board of Directors on November 16, 2021. The base date for capital increase and share conversion is December 30, 2021.

3. Important resolutions of Board meetings in 2021 and 2022 up to the date of publication of this annual report

(1) 30th meeting of the 7th term Board on January 5, 2021

- Approved the application to FSC for the deadline extension for reinvestment in China Life

- (2) 32nd meeting of the 7th term Board on February 22, 2021
- Report on the handling of the issuance of the second unsecured subordinated ordinary corporate bonds in 2020 and the third unsecured ordinary corporate bonds in 2020 by the Company.
 - Approved the appointment of the member of the Ethical Corporate Management Committee
 - Approved the date, time, place, agenda, book closure date, and acceptance of shareholder proposals for the Company's 2021 shareholders' meeting
 - Approved the proposal for the of publicity of the relevant laws and regulations on the holding of shares in CDF by the same person or the same related person during the 2021 regular meeting of stockholders.
- (3) The 33rd meeting of the 7th term of board of directors on March 22, 2021
- Proposal to elect the vice chairman of the Company.
 - Proposal to elect the vice chairman of the company.
- (4) 34th meeting of the 7th term Board on March 22, 2021
- Passed the dissolution and liquidation of CDIB International Leasing Corporation, a subsidiary of KGI Bank.
 - Passed the Company's 2020 internal control system statement.
 - Passed the amendment to the 2021 audit plan of the Company.
 - Passed the distribution plan of employee remuneration and director remuneration in 2020.
 - In order to increase the shares of China Life , the company and its subsidiary KGI Securities made commitments to the FSC and submitted a proposal to the regular meeting of shareholders of the Company.
- (5) The 35th meeting of the 7th term of board of directors on April 26, 2021
- Approved the amendment to the "operating standards for dealing in derivative financial products".
 - Passed the amendment to the Company's "operating standards for dealing in derivative financial products" for 2020
 - Passed the distribution of earnings for 2020.
 - Passed the Company's draft "measures for the issuance of new shares with restrictions on employees' rights in 2021".
 - Passed the amendments to the "Regulations for Shareholders Meeting Procedure".
 - Approval of the proposal for lift of non-compete restriction on the directors of the board.
 - Passed the agenda of the 2021 ordinary shareholders' meeting of the Company
- (6) The 37th session of the 7th board of directors on June 28, 2021
- Passed the proposal about the capital increase of SUYIN KGI CONSUMER FINANCE through the subsidiary KGI Bank.
 - The proposal to reschedule the 2021 ordinary shareholders' meeting was adopted.
 - Passed the proposal about the Company's lease extension of Taipei Xueyuan Building from its subsidiary China Life.
 - Passed the proposal of reassigning the directors of the subsidiary China Life and recommending them as the chairman of the board.

- (7) The 38th session of the 7th board of directors on July 26, 2021
 - Pass the adjustment of the members of the risk management committee of the company.
 - Passed the Company's 2020 annual director's remuneration distribution and distribution plan.
 - Passed the proposal of reassigning the director of the subsidiary CDIB Capital Group and recommending him as the chairman of the board.
- (8) The 39th session of the 7th board of directors on August 12, 2021
 - Approval of the amendments to the " Articles of Incorporation ".
 - Passed the proposal of the share conversion with the subsidiary China Life and signing the share conversion contract and issuing new shares.
 - Passed the proposal on the date, time, place and period of suspension of transfer of ownership of the Company's 2021 year interim shareholders' meeting.
 - Passed the agenda of the 2021 interim shareholders' meeting of the Company.
- (9) The 40th session of the 7th board of directors on August 23, 2021
 - The legal surplus reserve is distributed to the Company in cash Passed the development capital of subsidiaries.
 - Passed the proposal about handling the capital reduction and returning the share price to KGI securities by Richpoint, a subsidiary of KGI securities.
 - Passed the proposal about handling the capital reduction and returning the share price to the Company by the subsidiary KGI Securities.
 - Passed the proposal about the Company's issuing of unsecured ordinary corporate bonds.
 - Passed the amendment to Company's "measures for the issuance of new shares with restrictions on employees' rights in 2021".
- (10) The 41st session of the 7th board of directors on September 27, 2021
 - Passed the proposal about the subsidiary CDIB Capital Group's sale of Nan-Kang Computer Room and leaseback of some offices.
 - Passed the proposal about handling the capital reduction and returning the share capital to CDIB Capital Group by its subsidiary.
 - Passed the renewal of directors' and supervisors' liability insurance of the Company in 2021 years (2021.9.2-2022.9.2).
- (11) The 42nd session of the 7th board of directors on October 25, 2021
 - Passed the proposal about the sale of overseas private equity fund portfolio by CDIB Capital Group and its subsidiary GM.
- (12) The 43rd session of the 7th board of directors on November 8, 2021
 - Passed a letter for the conversion of shares with its subsidiary China life and reporting the Company's adjusted debt improvement plan to the FSC
- (13) The 44th session of the 7th board of directors on November 16, 2021
 - Passed the proposal on the benchmark date for capital increase and share conversion of the Company.
- (14) The 45th session of the 7th board of directors on November 19, 2021
 - Passed the proposal of canceling the establishment of the Company's Strategic Committee and abolishing the "organizational procedures of the strategic committee".

- Passed the proposal on the introduction of the global human resource management platform Workday and the establishment of the development service cost sharing plan.
 - Passed the proposal about the Company's restricting the allocation list and number of new shares of employees' rights in 2021.
 - Passed the proposal of the issuance of the Company's fifth new restricted shares and the formulation of the benchmark date for capital increase.
- (15) The 46th session of the 7th board of directors on December 27, 2021
- Passed the Company's 2022 annual budget report, expected comprehensive income statement and expected balance sheet.
 - Passed the Company's 2022 audit plan.
 - Passed the annual service expenditure cost sharing plan of workday.
 - Passed the proposal of appointing the 22nd director and independent director of China Life.
- (16) The 47th session of the 7th board of directors on January 24, 2022
- Report on the handling of this corporation's issuance of unsecured ordinary corporate bonds for the first time in 2021.
 - Passed the capital reduction of the subsidiary KGI Securities of returning all the shares and cash of the Company obtained from the share conversion between the Company and its subsidiary China Life to the Company.
- (17) The 48th session of the 7th board of directors on February 21, 2022
- Approved the date, time, place, agenda, book closure date, and acceptance of shareholder proposals and nomination for the Company's 2022 shareholders' meeting
- (18) The 40th session of the 7th board of directors on March 28, 2022
- The amendment to the "procedures for the acquisition or disposal of assets" of the Company was adopted.
 - Passed the amendments to the "Ethical Corporate Management Best-practice Principles".
 - Passed the Company's 2021 internal control system statement.
 - The proposal of re-election of 9 directors (including 3 independent directors) of the 8th session of the Company at the 2022 ordinary meeting of shareholders was adopted.

3.4.13 Major Issues of Record or Written Statements Made by Any Directors Dissenting to Important Resolutions Passed by the Board in the Most Recent Year and Up to the Date of Publication of This Annual Report

None

3.4.14 Resignation or Termination of the Company's Key Individuals, Including the Chairperson, President and Heads of Finance, Accounting, Internal Audit, and Corporate Governance in the Most Recent Year and Up to the Date of Publication of This Annual Report

None

3.5 Information Regarding CDF's Audit Fee and Independence

3.5.1 Audit fee and Non-audit fee to the CPAs, their accounting firm, and their affiliated firms.

Unit: NT\$ 1,000

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Wu, Yi-Chun	2021.01.01~ 2021.12.31	6,600	3,893	10,493	(Note)
	Ke, Jr-Shian					

Note: Non-audit fees include fees for tax audit, capital verification, tax project and advisory, CbCR review, etc.

3.5.2 If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes.

None

3.5.3 If audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for reduction must be disclosed:

None

3.6 Information on replacement of CPA

None

3.7 The Company's Chairman, President, or any managers involved in financial and accounting affairs being employed by the audit firm or any of its affiliated company within the last year

None

3.8 Facts about the director, manager, or a same person or a same affiliated enterprise having held the equity of a same financial holding corporation with voting power exceeding the specified ratio which should be declared the facts of equity transfer and change in equity pledge under Article 11 of the Managerial Regulations

3.8.1 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chi Jie Investment Co., Ltd.	0	0	0	0
	Representative Chia-Juch Chang	8	0	0	0
Vice Chairman	GPPC Chemical Corp.	0	0	0	0
	Representative Lionel de Saint-Exupéry	3,126,250	0	1,258,944	0
Director	Chi Jie Investment Co., Ltd.	0	0	0	0
	Representative Tham Saloon	0	0	0	0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0	0	0	0
	Representative Stefano Paolo Bertamini	1,149,687	0	(240,299)	0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0	0	0	0
	Representative Shan-Jung Yu	0	0	0	0
Director	Paul Yang	306,888	0	0	0
Independent Director	Hsiou-Wei, Lin	0	0	0	0
Independent Director	Tyzz-Jiun Duh	0	0	0	0
Independent Director	Hsing-Cheng Tai	0	0	0	0
President	Stefano Bertamini	1,149,687	0	(240,299)	0
Executive Vice President	Daw-Yi Hsu	1,539,996	0	449,392	0
Executive Vice President	Mark Wei	21,616	0	15,713	0
Executive Vice President	Julian Yen	1,481,961	0	(727,682)	0
Executive Vice President	Jenny Huang	1,414,622	0	(816,219)	0
Executive Vice President	Ketan Samani	1,100,000	0	(1,100,000)	0

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive Vice President	Gabriel Heredia	1,185,000	0	(1,100,000)	0
Executive Vice President	Raymund Reyes	1,141,000	0	(1,043,546)	0
Executive Vice President	Terence Yeung	1,100,000	0	(1,100,000)	0
Executive Vice President	Samar Kumar	1,100,000	0	(1,100,000)	0
Executive Vice President	David Thomas	1,100,000	0	(1,100,000)	0
Executive Vice President	Morris Lin	1,100,000	0	(1,100,000)	0
Executive Vice President	Richard Sun	765,668	0	(700,000)	0
Executive Vice President	Vincent Hung	87,411	0	55,277	0
Executive Vice President	Hans Tzou	700,000	0	(700,000)	0
Executive Vice President	Fleur Tsai	600,000	0	(600,000)	0
Executive Vice President	Melody Chen	700,000	0	(650,000)	0
Executive Vice President	Reddy Wong	2,206,793	700,000	(1,389,360)	(700,000)
Executive Vice President	Josephine Yang	0	0	8,448	0
Executive Vice President	Andy Lin	0	0	0	0
Executive Vice President	Richard Chang	6,756,610	0	34,759	0
Executive Vice President	Jamie Huang	(483)	0	0	0
Executive Vice President	Ivy Aoh	852,200	0	(723,454)	0
Executive Vice President	Alby Lee	1,100,000	0	(1,100,000)	0
Executive Vice President	Patrick C Lin	(70,000)	0	722,026	0
Executive Vice President	Jeff Hsu	800,000	0	(749,316)	0
Executive Vice President	Winifred Dente	1,185,000	0	(1,100,000)	0
Executive Vice President	James Mong	90,000	0	0	0
Executive Vice President	Frances Tsai	790,000	0	(700,000)	0
Executive Vice President	Kiki Shih	900,000	0	(910,011)	0
Executive Vice President	Marisol Wang	790,000	0	(700,000)	0
Executive Vice President	Chris Sun	890,000	0	(672,024)	0
Executive Vice President	Michael Chang	790,000	0	(700,000)	0
Executive Vice President	Teresa Li	0	0	0	0

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive Vice President	Jill Liu	700,000	0	(649,316)	0
Executive Vice President	Anil Pathak	800,000	0	(800,000)	0
Executive Vice President	Raymond Chang	700,000	0	(700,000)	0
Executive Vice President	Jacqueline Tan	700,000	0	(700,000)	0
Executive Vice President	April Pan	600,000	0	(600,000)	0
Executive Vice President	Christy Lin	114,019	0	281,082	0
Executive Vice President	Sharon Chen	615,000	0	(570,000)	0
Executive Vice President	Vincent Sun	898,431	0	(718,710)	0
Executive Vice President	Steve Wang	700,000	0	(689,441)	0
Executive Vice President	Amy Lee	600,000	0	(600,000)	0
Executive Vice President	Greg Lin	0	0	0	0
Executive Vice President	Kelvin Tay	0	0	0	0
Senior Vice President	Lecko Lai	90,000	0	0	0
Senior Vice President	Alex Hung	0	0	0	0
Senior Vice President	Lian Yin Li	50,000	0	0	0
Senior Vice President	Sharol Lin	90,000	0	0	0
Senior Vice President	Steven Ching	90,000	0	(240,000)	0
Senior Vice President	Sandra Yao	355,000	0	(355,000)	0
Senior Vice President	Joann Tsai	0	0	0	0
Senior Vice President	Patrick Huang	798,701	0	(155,083)	0
Senior Vice President	Connie Liu	0	0	0	0
Senior Vice President	David Chi	347,000	0	(302,000)	0
Senior Vice President	Justin Wu	45,000	0	0	0
Senior Vice President	Wen-Chung Lin	0	0	0	0
Senior Vice President	Vivian Tai	0	0	0	0
Senior Vice President	Ken Lin	408,000	0	(408,000)	0
Senior Vice President	Shiao-Chun Chen	355,000	0	(355,000)	0
Senior Vice President	Joshua Fu	302,000	0	(302,000)	0

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Vice President	Winnie Tsai	0	0	0	0
Senior Vice President	Chien-Ping Lin	0	0	0	0
Senior Vice President	Bonnie Huang	355,000	0	(355,000)	0
Senior Vice President	Howard Wu	12,000	0	0	0
Senior Vice President	Avinash Menon	0	0	0	0
Senior Vice President	Novia Chen	0	0	0	0
Senior Vice President	Justina Chen	0	0	0	0
Senior Vice President	Wendy Ting	0	0	0	0
Senior Vice President	Lisa Guo	408,000	0	(408,000)	0
Vice President	Willy Lu	0	0	0	0
Vice President	Jessica Chen	0	0	(9,000)	0
Vice President	Wen-Chiao Chang	0	0	0	0
Vice President	Amy Wang	0	0	0	0
Vice President	Claire Wang	0	0	0	0
Vice President	Chih-Shun Wang	0	0	0	0
Vice President	Yen Ling Lai	0	0	0	0
Vice President	Melissa Pan	0	0	0	0
Vice President	Hui-Ju Huang	(27,000)	0	(9,000)	0
Vice President	Kevin Hsu	(20,000)	0	0	0
Vice President	Eddie Chang	0	0	0	0
Vice President	Jerry Li	0	0	0	0
Vice President	Sophia Liou	0	0	0	0
Vice President	Guangdi Yang	0	0	0	0
Vice President	Barry Chen	0	0	0	0
Vice President	Winnie Yang	0	0	0	0
Vice President	Jason Yeh	0	0	0	0
Vice President	Eveline Lu	0	0	0	0
Vice President	Vigo Chen	312,000	0	(292,000)	0
Vice President	Hui-Yuan Hsiao	0	0	0	0
Vice President	May Chung	0	0	0	0
Vice President	CJ Lin	0	0	0	0
Vice President	Petty Wu	0	0	0	0
Vice President	Sally Tseng	5,000	0	20,000	0
Vice President	Thomas Wang	0	0	0	0

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Chia-Hui Lee	0	0	0	0
Vice President	Gina Fang	0	0	0	0
Vice President	Bee-Jane Hsu	0	0	0	0
Vice President	Sandy Lu	0	0	0	0
Vice President	Ya-shin Liu	0	0	0	0
Vice President	Will Chang	0	0	0	0
Vice President	Wen-Chi Yu	0	0	0	0
Vice President	Paul Yen	51,026	0	0	0
Vice President	Wendy Wei	0	0	0	0
Vice President	Tsung-Pin Huang	0	0	(63,000)	0
Vice President	Fan Wang	0	0	0	0
Vice President	Hank Wang	0	0	0	0
Vice President	Rhoda Yang	3,000	0	0	0
Vice President	Caroline Ho	0	0	0	0
Vice President	Harriet Tsai	0	0	0	0
Vice President	Jen Lung Lai	0	0	0	0
Vice President	Robert Liu	0	0	0	0
Vice President	Hsiu Yen Huang	0	0	0	0
Vice President	May Wu	(5,000)	0	0	0
Vice President	Pei-Yun Chen	2,000	0	4,000	0
Vice President	Emily Kuo	0	0	0	0
Vice President	Hung-Hai Liu	0	0	0	0
Vice President	Chiao Yun Yen	0	0	0	0
Vice President	Chia Hui Chen	0	0	0	0
Vice President	Keng-Chia Chang	0	0	0	0
Vice President	Kevin Wu	0	0	0	0
Vice President	Cheng-Yuan Lee	0	0	0	0
Vice President	Pei-Ju Chen	0	0	0	0
Vice President	Daniel Kuo	0	0	0	0
Vice President	Chris Chiang	(10,000)	0	0	0
Vice President	Gary Wu	0	0	0	0
Vice President	Josephine Wu	0	0	0	0
Vice President	Andree Lu	0	0	0	0
Vice President	Yann-Fen Jeng	0	0	0	0
Vice President	Caroline Shih	0	0	0	0
Vice President	Cherry Hsieh	0	0	0	0
Vice President	Anita Chang	0	0	0	0

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Spring Lin	0	0	0	0
Vice President	Sean Xie	0	0	0	0
Vice President	Amy Huang	0	0	0	0
Vice President	Cindy Hou	0	0	0	0
Vice President	Linda Wui	0	0	0	0
Vice President	Po Hsiang Hsu	1,000	0	0	0
Vice President	Sindy Tsai	355,000	0	(355,000)	0
Vice President	Nicole Hung	0	0	0	0
Vice President	Laura Wang	0	0	0	0
Vice President	Shirley Chiu	0	0	0	0
Vice President	Lucian Hsieh	0	0	0	0
Vice President	Doris Chang	0	0	0	0

Note : The calculation of changes in the number of shares is based on ordinary shares only.

3.8.2 Shares Trading with Related Parties

None

3.8.3 Shares Pledge with Related Parties

None

3.9 Relationship among the Top Ten Shareholders

April 19, 2022

Name	Current hareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Bank of Taiwan	286,941,073	1.67	0	0.00	0	0.00	None	None	
Representative Jye-Cherng Lyu	0	0.00	0	0.00	0	0.00	None	None	
KGI Securities Co., Ltd.	340,713,669	1.98	0	0.00	0	0.00	None	None	
Representative Daw-Yi Hsu	2,549,189	0.01	2,800,000	0.02	0	0.00	None	None	
Norges Bank	230,557,883	1.34	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	226,340,303	1.32	0	0.00	0	0.00	None	None	
Shin Wen Investment Co., Ltd	480,252,192	2.79	0	0.00	0	0.00	Jing Hui Investment Co., Ltd.	Shin Wen Investment company evaluates the Jing Hui Investment Company under equity method.	
							Jing Kwan Investment Co., Ltd.	With the same person as the representative	
Representative Chin-Lung Tseng	11,192	0.00	0	0.00	0	0.00	None	None	
Videoland Inc.	150,646,872	0.88	0	0.00	0	0.00	KGI Securities Co. Ltd.	The brother company is the legal person director of its parent company (other related persons)	
Representative Wang Chun	0	0.00	0	0.00	0	0.00	None	None	
Jing Kwan Investment Co., Ltd.	429,611,117	2.5	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	With the same person as the representative	
Representative Chin-Lung Tseng	11,192	0.00	0	0.00	0	0.00			
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	207,146,115	1.2	0	0.00	0	0.00	None	None	
Labor Pension Fund	345,236,435	2.01	0	0.00	0	0.00	None	None	
Jing Hui Investment Co., Ltd.	180,000,000	1.05	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	Shin Wen Investment company evaluates the Jing Hui Investment Company under equity method.	
Representative Koo, John-Ynn	2,040,466	0.01	0	0.00	0	0.00	None	None	

Note : The calculation of the number of shares and shareholding ratio is based on ordinary shares only.

3.10 Shares jointly held by CDF, subsidiaries, CDF's directors, managers, and directly/indirectly controlled entities on any single investee. Calculate shareholding percentage in aggregate of the above parties

December 31, 2021

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
CDIB Capital Group	2,041,115,913	100.00	0	0.00	2,041,115,913	100.00
KGI Securities	3,299,597,810	100.00	0	0.00	3,299,597,810	100.00
KGI Bank	4,606,162,291	100.00	0	0.00	4,606,162,291	100.00
AMC	113,360,000	100.00	0	0.00	113,360,000	100.00
China Life Insurance	4,920,653,131	100.00	0	0.00	4,920,653,131	100.00
CDIB Venture Capital Corporation	0	0.00	476,213,353	100.00	476,213,353	100.00
CDIB Capital Management Corporation	0	0.00	23,093,889	100.00	23,093,889	100.00
CDIB Venture Capital (Hong Kong) Corporation Limited	0	0.00	925,000,000	100.00	925,000,000	100.00
CDIB Capital Investment I Limited	0	0.00	132,800,000	100.00	132,800,000	100.00
CDIB Capital International Corporation	0	0.00	4,700,000	100.00	4,700,000	100.00
CDIB Capital Investment II Limited	0	0.00	45,000,000	100.00	45,000,000	100.00
CDIB Global Markets Limited	0	0.00	339,392	100.00	339,392	100.00
CDIB Management Consulting Corporation	0	0.00	153,171,873	100.00	153,171,873	100.00
Richpoint Company Limited	0	0.00	92,872,376	100.00	92,872,376	100.00
KGI Venture Capital Co., Ltd.	0	0.00	70,000,000	100.00	70,000,000	100.00
KGI Securities Investment Advisory Co., Ltd.	0	0.00	5,000,000	100.00	5,000,000	100.00

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
KGI Insurance Brokers Co., Ltd.	0	0.00	500,000	100.00	500,000	100.00
KGI Securities Investment Trust Co., Ltd.	0	0.00	30,000,000	100.00	30,000,000	100.00
KGI Futures Co., Ltd.	0	0.00	167,912,345	99.62	167,912,345	99.62
CDIB Capital Healthcare Ventures Limited	0	0.00	52,500,000	42.86	52,500,000	42.86
CDIB Capital Creative Industries Limited	0	0.00	50,966,668	41.33	50,966,668	41.33
Fu Bao Yi Hao Energy CO., LTD.	0	0.00	37,777,800	39.68	37,777,800	39.68
Suyin KGI Consumer Finance Co., Ltd.	0	0.00	0	36.17	0	36.17
CDIB & Partners Investment Holding Corporation	0	0.00	367,200,000	33.66	367,200,000	33.66
Taipan solar Co., Ltd.	0	0.00	45,150,000	30.00	45,150,000	30.00
CDIB Bioscience Ventures I, Inc.	0	0.00	4,697,286	21.20	4,697,286	21.20
Shenhe Energy Co., Ltd.	0	0.00	19,900,000	19.90	19,900,000	19.90

Note 1: Investees of China Development Financial Holding Co., Ltd. and the subsidiaries.

Note 2: The investments made pursuant to Article 36 of Financial Holding Company Act.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

April 19, 2022

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NT\$'000)	Shares	Amount (NT\$'000)	Sources of Capital	Other
January 2014	10	20,000,000,000	200,000,000,000	15,036,966,640	150,369,666,400	New restricted employee shares from equity raising	Decree No.1020026295 issued by FSC dated July 12th, 2013
September 2014	10	20,000,000,000	200,000,000,000	15,343,113,310	153,431,133,100	Capital raising via new share issuance as quid pro quo with Cosmos Bank's share transfer.	Decree No.10300117170 issued by FSC dated July 29th, 2013
December 2014	10	20,000,000,000	200,000,000,000	15,343,849,307	153,438,493,070	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010
February 2015	10	20,000,000,000	200,000,000,000	15,349,549,047	153,495,490,470	New restricted employee shares from equity raising	Decree No.1030026288 issued by FSC dated July 17th, 2014
March 2015	10	20,000,000,000	200,000,000,000	15,353,318,276	153,533,182,760	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010
May 2015	10	20,000,000,000	200,000,000,000	15,164,430,276	151,644,302,760	Capital deduction via decrease in treasury stocks.	Decree No.10400094050 issued by FSC dated May 15th, 2015
July 2015	10	20,000,000,000	200,000,000,000	15,164,455,276	151,644,552,760	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010
October 2015	10	20,000,000,000	200,000,000,000	15,166,084,122	151,660,841,220	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010
December 2015	10	20,000,000,000	200,000,000,000	15,112,407,122	151,124,071,220	Capital deduction via decrease in treasury stocks.	Decree No. 10400299100 issued by FSC dated December 14th, 2015
February 2016	10	20,000,000,000	200,000,000,000	15,116,885,170	151,168,851,700	New restricted employee shares from equity raising	Decree No. 1040033216 issued by FSC dated August 31st, 2015
April 2016	10	20,000,000,000	200,000,000,000	15,117,022,208	151,170,222,080	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NT\$'000)	Shares	Amount (NT\$'000)	Sources of Capital	Other
June 2016	10	20,000,000,000	200,000,000,000	14,974,012,208	149,740,122,080	Capital deduction via decrease in treasury stocks.	Decree No. 10500121330 issued by FSC dated May 31st, 2016
October 2016	10	20,000,000,000	200,000,000,000	14,974,420,275	149,744,202,750	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010
January 2017	10	20,000,000,000	200,000,000,000	14,974,421,275	149,744,212,750	Change employee stock option issuance to common shares.	Decree No. 1020052073 issued by FSC dated December 26th, 2013
January 2017	10	20,000,000,000	200,000,000,000	14,975,742,826	149,757,428,260	New restricted employee shares from equity raising	Decree No. 1050024592 issued by FSC dated July 5th, 2016
November 2017	10	20,000,000,000	200,000,000,000	14,976,303,362	149,763,033,620	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
March 2018	10	20,000,000,000	200,000,000,000	14,977,040,329	149,770,403,290	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
June 2018	10	20,000,000,000	200,000,000,000	14,977,941,028	149,779,410,280	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
June 2018	10	20,000,000,000	200,000,000,000	14,957,294,886	149,572,948,860	Capital deduction via decrease in treasury stocks.	Decree No. 10701072130 issued by FSC dated May 16th, 2018
October 2018	10	20,000,000,000	200,000,000,000	14,962,281,159	149,622,811,590	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
February 2019	10	20,000,000,000	200,000,000,000	14,963,380,959	149,633,809,590	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
May 2019	10	20,000,000,000	200,000,000,000	14,965,982,132	149,659,821,320	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
October 2019	10	20,000,000,000	200,000,000,000	14,966,372,132	149,663,721,320	Change employee stock option issuance to common shares.	Decree No. 1020052073 issued by FSC dated December 26th, 2013
March 2020	10	20,000,000,000	200,000,000,000	14,968,438,026	149,684,380,260	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NT\$'000)	Shares	Amount (NT\$'000)	Sources of Capital	Other
April 2020	10	20,000,000,000	200,000,000,000	14,971,097,599	149,710,975,990	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
October 2020	10	20,000,000,000	200,000,000,000	14,972,941,465	149,729,414,650	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
February 2021	10	20,000,000,000	200,000,000,000	14,973,602,424	149,736,024,240	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
June 2021	10	20,000,000,000	200,000,000,000	14,989,855,001	149,898,550,010	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
September 2021	10	20,000,000,000	200,000,000,000	15,005,100,475	150,051,004,750	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
October 2021	10	25,000,000,000	250,000,000,000	15,005,100,475	150,051,004,750	Amendment of Articles of Association to Increase the Company's Rated Capital	Decree No. 1100228673 issued by FSC dated November 2nd, 2021
December 2021	10	25,000,000,000	250,000,000,000	15,115,091,475	151,150,914,750	New restricted employee shares from equity raising	Decree No. 1100351491 issued by FSC dated August 11, 2021
December 2021	10	25,000,000,000	250,000,000,000	19,082,703,397	190,827,033,970	Capital increase and issuance of new shares as share consideration for the conversion of shares with Chinese Life Insurance Co., Ltd	Decree No. 1100228449 issued by FSC dated November 16, 2021
February 2022	10	25,000,000,000	250,000,000,000	19,085,820,897	190,858,208,970	Change employee stock option issuance to common shares.	Decree No. 1020052073 issued by FSC dated December 26th, 2013

B. Type of Stock

April 19, 2022

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	17,192,777,300	5,914,179,103	25,000,000,000	It is a stock of a listed company
Preferred Shares	1,893,043,597			

4.1.2 Status of Shareholders

(Common Shares)

April 19, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	13	23	1,442	819,785	1,855	823,118
Shareholding (shares)	144,327	423,406,992	3,769,271,166	8,672,559,863	4,327,394,952	17,192,777,300
Percentage	0.00	2.46	21.92	50.45	25.17	100.00

(Preferred Shares)

April 19, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	3	3	262	97,722	329	98,319
Shareholding (shares)	30,526	60,568,000	689,302,704	774,226,356	368,916,011	1,893,043,597
Percentage	0.00	3.20	36.41	40.90	19.49	100.00

4.1.3 Shareholding Distribution Status

A. Common Shares

April 19, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	218,085	42,933,346	0.25
1,000~5000	363,242	820,734,579	4.77
5,001~10,000	95,074	731,119,900	4.25
10,001~15,000	42,707	527,938,344	3.07
15,001~20,000	25,135	454,461,987	2.64
20,001~30,000	27,388	683,090,480	3.97
30,001~40,000	13,655	476,328,661	2.77
40,001~50,000	9,061	416,310,434	2.42
50,001~100,000	16,296	1,151,588,165	6.70
100,001~200,000	7,274	998,964,403	5.81
200,001~400,000	2,925	805,225,995	4.68
400,001~600,000	860	420,040,682	2.44
600,001~800,000	348	240,257,464	1.40
800,001~1,000,000	212	194,111,322	1.13
1,000,001 or over	856	9,229,671,538	53.70
Total	823,118	17,192,777,300	100.00

B. Preferred Shares

April 19, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	47,281	15,310,670	0.81
1,000 ~ 5,000	31,637	75,675,029	4.00
5,001 ~ 10,000	8,571	63,587,396	3.36
10,001 ~ 15,000	3,109	38,150,569	2.02
15,001 ~ 20,000	2,051	35,922,302	1.90
20,001 ~ 30,000	1,850	45,647,066	2.41
30,001 ~ 50,000	1,529	60,117,950	3.17
50,001 ~ 100,000	1,182	84,045,014	4.44
100,001 ~ 200,000	560	78,203,201	4.13
200,001 ~ 400,000	247	68,894,129	3.64
400,001 ~ 600,000	112	54,118,317	2.86
600,001 ~ 800,000	38	26,589,209	1.40
800,001 ~ 1,000,000	34	31,315,059	1.65
1,000,001 or over	118	1,215,467,686	64.21
Total	98,319	1,893,043,597	100.00

4.1.4 List of Major Shareholders

April 19, 2022

Shareholder's Name	Shareholding	
	Shares	Shares
Bank of Taiwan	286,941,073	1.67
KGI Securities Co., Ltd.	340,713,669	1.98
Norges Bank	230,557,883	1.34
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	226,340,303	1.32
Shin Wen Investment Co., Ltd	480,252,192	2.79
Videoland Inc.	150,646,872	0.88
Jing Kwan Investment Co., Ltd.	429,611,117	2.5
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	207,146,115	1.2
Labor Pension Fund	345,236,435	2.01
Jing Hui Investment Co., Ltd.	180,000,000	1.05

Note: Includes shareholders with an equity ratio of more than 1%. (The calculation of the equity ratio is only based on common stock).

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items			2020	2021	Year to date (as of March 31, 2022) (Note 8)
Market Price per Share (Note 1)	Highest		9.89	17.60	19.65
	Lowest		6.90	8.90	16.70
	Average		8.83	12.92	18.54
Net Worth per Share (Note 2)	Before Distribution		13.66	16.54	-
	After Distribution		13.10	(Note 9)	-
Earnings per Share	Weighted Average number of Shares		14,615,570,720	14,969,971,302	16,742,072,631
	EPS (Note 3)	Before Adjustment	0.87	2.34	-
		After Adjustment	0.87	2.34	-
Dividends per Share	Cash Dividends		0.55	1.00 (Note 9)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		10.15	5.52	-
	Price / Dividend Ratio (Note 6)		16.05	12.92 (Note 9)	-
	Cash Dividend Yield Rate (Note 7)		6.23%	7.74% (Note 9)	-

* For surplus or capital reserve converted into capital increase and share allotment, the market price and cash dividend information adjusted retroactively according to the number of shares issued shall be disclosed.

Note 1: Please list the market share prices, including the highest, lowest and average for the year. Average market share price should be calculated by applying the turnover value and the total turnover volume for the year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the Board of Directors or the shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/Earnings Ratio = average share market price / earnings per share.

Note 6: Price/Dividend Ratio = average market price / cash dividends per share.

Note 7: Cash Dividend Yield = cash dividends per share / average share market price.

Note 8: Provide information for the current year up till the publication date of this annual report.

Note 9: Distribution for earnings in 2021 has not yet been resolved by the shareholder's meeting.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy:

Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Company adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Company made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period shall be used as the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining is subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the Board of Directors and resolved in the annual general shareholders meeting.

B. Implementation:

Dividend distribution proposed at the shareholder's meeting:

Dividend for preferred shares B: NT\$ 3,077,592

Cash dividend for common share: NT\$16,848,553,631 (NT\$1 per share)

4.1.7 Impact of the proposed stock dividend on corporate operating performance and EPS

Not applicable as no stock dividend is proposed at the shareholder's meeting.

4.1.8 Employees' compensation and directors' remuneration

1. Percentage or range of employee's compensation and directors' remuneration under the Company's Articles of Incorporation

If making any profit for a fiscal year, the Company shall set aside no less than 1% of the profit for employees' compensation and no more than 1% of the profit for directors' remuneration. However, if the Company still has cumulative losses from previous years, it shall first set aside reserve to offset such losses.

The afore-mentioned profits mean pretax profits before deducting employees' compensation and directors' remuneration.

The Board of Directors is authorized to stipulate distribution rules for employees' compensation for eligible employees of the Company and subsidiaries.

2. Basis for estimation the account of employee's compensation and directors' remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the

actual distributed amount and the estimated figure, for the current period

The employee's compensation and directors' remuneration are set aside no less than 1% and no higher than 1%, respectively, of pretax profit before deducting employees' compensation and directors' remuneration. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

3. Information regarding employee compensation approved by the Board

- (1) Distribution of employees' compensation and directors' remuneration in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The Board resolved to distribute NT\$357,000,000 as employees' compensation and NT\$290,000,000 as directors' remuneration both in cash. The discrepancy between the actual distribution amount and the accrued expenses was NT\$65,000,000. The difference occurred because of a change in accounting estimates and recognized in 2022.

- (2) Employees' compensation distributed in stocks as a percentage to net profit after tax plus total employees' compensation in the parent company only financial statements for the current period:
Not applicable.

4. The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number, value, and stock price of the shares distributed) shall be declared. If there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' remuneration, the discrepancy, its cause, and its status must also be listed

The Company distributed NT\$134,000,000 as employees' compensation and NT\$133,000,000 as directors' remuneration in the form of cash for 2020, both identical to the figures stated in the financial statements.

4.1.9 Buyback of Treasury Stock

None.

4.2 Corporate Bonds

March 31, 2022

Corporate Bond Type		2017 Unsecured Subordinated Corporate Bonds, Phase I	2017 Unsecured Subordinated Corporate Bonds, Phase I	2017 Unsecured Subordinated Corporate Bonds, Phase I
Issue date		September 8, 2017	September 8, 2017	September 8, 2017
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$1,000,000,000	NT\$6,000,000,000	NT\$3,000,000,000
Coupon rate		1.75%, fixed	1.90%, fixed	2.10%, fixed
Tenor		7 years Maturity: September 8, 2024	10 year Maturity: September 8, 2027	15 years Maturity: September 8, 2032
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$1,000,000,000	NT\$6,000,000,000	NT\$3,000,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.
Whether included as eligible capital		Yes	Yes	Yes
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2019 Unsecured Corporate Bonds, Phase I	2019 Unsecured Corporate Bonds, Phase I	2020 Unsecured Corporate Bonds, Phase I
Issue date		August 8, 2019	August 8, 2019	May 20, 2020
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,500,000,000	NT\$2,500,000,000	NT\$5,600,000,000
Coupon rate		0.88%, fixed	1.00%, fixed	0.75%, fixed
Tenor		7 year Maturity: August 8, 2026	10 years Maturity: August 8, 2029	5 years Maturity: May 20, 2025
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	Lotus International Law Office
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,500,000,000	NT\$2,500,000,000	NT\$5,600,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	None	None
Whether included as eligible capital		No	No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

March 31, 2022

Corporate Bond Type		2020 Unsecured Corporate Bonds, Phase I	2020 Unsecured Subordinated Corporate Bonds, Phase II	2020 Unsecured Corporate Bonds, Phase II
Issue date		May 20, 2020	November 30, 2020	November 30, 2020
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,400,000,000	NT\$1,500,000,000	NT\$4,500,000,000
Coupon rate		0.95%, fixed	1.25%, fixed	1.50%, fixed
Tenor		15 year Maturity: May 20, 2035	10 years Maturity: November 30, 2030	15 years Maturity: November 30, 2035
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		Lotus International Law Office	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,400,000,000	NT\$1,500,000,000	NT\$4,500,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be deferred. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be deferred. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.
Whether included as eligible capital		No	Yes	Yes
Name of credit rating agency, rating date, rating of corporate bonds		None	Taiwan Ratings October 20, 2020 twA-	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2020 Unsecured Corporate Bonds, Phase III	2020 Unsecured Corporate Bonds, Phase III	2021 Unsecured Corporate Bonds, Phase I
Issue date		January 14, 2021	January 14, 2021	December 20, 2021
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,000,000,000	NT\$2,000,000,000	NT\$7,000,000,000
Coupon rate		0.50%, fixed	0.59%, fixed	0.59%, fixed
Tenor		7 year Maturity: January 14, 2028	10 year Maturity: January 14, 2031	5 year Maturity: December 20, 2026
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,000,000,000	NT\$2,000,000,000	NT\$7,000,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	None	None
Whether included as eligible capital		No	No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2021 Unsecured Corporate Bonds, Phase I	2021 Unsecured Corporate Bonds, Phase I
Issue date		December 20, 2021	December 20, 2021
Denomination		NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A
Issue price		Issue by denomination	Issue by denomination
Total price		NT\$4,800,000,000	NT\$3,200,000,000
Coupon rate		0.65%, fixed	0.75%, fixed
Tenor		7 year Maturity: December 20, 2028	10 year Maturity: December 20, 2031
Guarantee agency		None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$4,800,000,000	NT\$3,200,000,000
Terms of redemption or advance repayment		None	None
Restrictive clause		None	None
Whether included as eligible capital		No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None
	Issuance and conversion (exchange or subscription) method	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None
Transfer agent		None	None

4.3 Issuance of Preferred Shares

Issuance (launch) date		December 30, 2021
Item		(China Development Financial Holding Co., Ltd. Class B Preferred Shares)
Face value		NT\$ 10
Issuance price		NT\$ 10 per share
Shares held		1,893,043,597 shares
Total		NT\$ 18,930,435,970
Rights and obligations	Distribution of dividends and bonus	- Dividends: The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAIFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, the Company will decide in good faith and based on reasonable market conditions. - Dividend payment: The dividend on the preferred shares is paid annually in cash after the board of directors sets the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year. If the Company has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled. The Company has the discretion to distribute dividends on the preferred shares. If the Company has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Company's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Company may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent. The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years. - Excessive dividend distribution : Except for receipt of dividends at the aforementioned rate, the preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares.
	Priority of claims in liquidation	The preferred shareholders shall have priority in the distribution of the residual property of the Company over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.
	Exercise of voting rights	The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.
	Others	When the Company issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.
	Amount recalled or	0

	converted		
	Balance not yet recalled or converted		NT\$ 18,930,435,970
	Terms of recall/conversion		1. Preferred shares shall not be converted into common shares. 2. The preferred shares issued by the Company have no expiration date and the preferred shareholders have no right to require the Company to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Company may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Company decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
Market price per share	2021	High	9.68
		Low	9.22
		Average	9.59
	Year to date until March 31, 2022	High	9.53
		Low	9.00
		Average	9.29
Other rights	Amount converted or subscribed up until the publication of the annual report	Not applicable.	
	Issuance and conversion/subscription rules	Please refer the Company’s Article of Association.	
Possible dilution of equity and impact on equity of existing shareholders due to issuance of preferred shares			None.

4.4 Issuance of Global Depositary Receipts

None

4.5 Employee Stock Options

4.5.1 Issuance of Employee Stock Options (ESO)

None

4.5.2 Issuance of New Restricted Employee Shares

1. For new shares with restricted employee rights that have not fully met the acquired conditions, the status of the transaction as of the date of publication of the annual report and the impact on shareholders' rights and interests shall be disclosed.

March 31, 2022

Type of New Restricted Employee Shares	Fifth Tranche
Date of effective registration	August 11, 2021
Issue date	December 1, 2021
Number of shares issued	109,991,000 shares
Issued price	The current issue is gratuitous
New Restricted Employee Shares as a percentage of shares issued (%)	0.73%
Vesting conditions of New Restricted Employee Shares	Upon the expiry of the Performance Period, the number of Restricted Shares eligible for vesting (the “Vesting Shares”) will be calculated based on the level of achievement attained for the business criteria and applicable Payout Ratios and be rounded down to the nearest integer, subject to a further adjustment of 10% at most by the Remuneration Committee and the Board in consideration of the grantee’s personal performance and his/her contribution to the Company’s overall performance. The Restricted Shares granted in excess of the number of the Vesting Shares shall be deemed forfeited. The Vesting Shares will become vested in 3 installments on such dates as specified below (the “Vesting Dates”), subject to the conditions of (x) the grantee’s continuous employment with the Company (or its subsidiaries) through the Vesting Dates, (y) no breach of any terms of the Company’s (or its subsidiaries’) employment agreement on the part of the grantee nor disciplinary sanction with major demerit imposed on him/her during the Performance Period and (z) the grantee’s personal achievement ranked at level 3 or above during the Performance Period: 1. On June 30, 2024: 40% 2. On June 30, 2025: 30% 3. On June 30, 2026: 30%
Restricted rights of New Restricted Employee Shares	1. The unvested Restricted Shares shall not be sold, pledged, transferred, given to others, put back to the Company, or otherwise disposed of, except for inheritance. 2. Grantees exercise their rights to attendance, proposal, speech, voting and election at Shareholders’ Meetings according to a custodial trust agreement. 3. Grantees shall have all the rights and status as a common shareholder of the Company (including but not limited to the right to receive cash dividend, share dividend, and any other distributions resulting from capital reduction, distribution on capital reserve, merger, split-off or share swap) (collectively referred to as “Distributions”) but for the pre-emptive right to acquire new shares, provided, however, that any and all Distributions shall be held by a trustee until the Restricted Shares have become vested.
Custody status of New Restricted Employee Shares	Placed under custodial trust.
Measures to be taken when vesting conditions are not meet	1. Where an employee who has been granted Restricted Shares is not on the job on the vesting date, has committed an act of gross negligence by violating any of the agreements under Article VIII, of “Rules Governing 2021 Plan of Issuance of Restricted Shares for Employees”, or has failed to fulfill the personal performance indicators and operational goals set by the Company, the shares granted to him/ her but unfulfilled vesting conditions will be recovered and canceled by the Company without compensation. 2. During the vesting period, if an employee has voluntarily resigned or been dismissed or laid off, his/her unvested shares will be recovered and canceled by the Company without compensation.
Number of New Restricted Employee Shares that have been redeemed or bought back	0 share

Number of released New Restricted Employee Shares	0 share
Number of unreleased New Restricted Shares	109,991,000 shares
Ratio of unreleased New Restricted Shares to total issued shares (%)	0.73%
Impact on possible dilution of shareholdings	The dilution of the Company's EPS is limited, so there is no significant impact on the interest of shareholders.

2. List of Executives Receiving New Restricted Employee Shares and the Top 10 Employees with New Restricted Employee Shares

March 31, 2022

Title	Name	No. of New Restricted Shares (000 shares)	New Restricted Shares as a Percentage of Shares Issued	Released				Unreleased			
				No. of Shares (000 shares)	Issued Price (NT\$)	Amount (NT\$'000)	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares (000 shares)	Strike Price (NT\$)	Amount (NT\$'000)	Unreleased Restricted Shares as a Percentage of Shares Issued
President	Stefano Paolo Bertamini	32,297,000	0.22	0	0	0	0	32,297,000	0	0	0.22
Executive Vice President	David Thomas										
	Gabriel Heredia										
	Ketan Samani										
	Patrick C Lin										
	Raymund Reyes										
	Samar Kumar										
	Alby Lee										
	Morris Lin										
	Jeff Hsu										
	Ivy Aoh										
	Reddy Wong										
	Jenny Huang										
	Terence Yeung										
	Winifred Dente										
	Julian Yen										
	Jacqueline Tan										
	Steve Wang										
	Marisol Wang										
	Amy Lee										
	Kiki Shih										
	Vincent Sun										
	Richard Sun										
	Chris Sun										
	Raymond Chang										
	Michael Chang										
	Sharon Chen										
	Melody Chen										
	Anil Pathak										
	Hans Tzou										
	Jill Liu										
	April Pan										
	Frances Tsai										
	Fleur Tsai										
Senior Vice President	Ken Lin										
	Sandra Yao										
	David Chi										
	Shiao-Chun Chen										
	Lisa Guo										
	Joshua Fu										
	Bonnie Huang										
Vice President	Patrick Huang										
	Vigo Chen										
Employees	Sindy Tsai										
	-										

4.6 Merger and Acquisitions or Transfers of other Financial Institutions

4.6.1 CPA opinions on share swap ratios of mergers and acquisitions or transfers of other financial institutions in the current year

The Company's Board of directors resolved on August 12, 2021 to acquire China Life as a 100%-owned subsidiary of the Company through a share swap. The share swap has been approved by both the Company's and China Life's EGMs on October 1, 2021, and by the Financial Supervisory Commission on November 16, 2021. The share swap has been completed on December 30, 2021.

CPA Hsiao-Fen Huang of PricewaterhouseCoopers Taiwan had issued an "Fairness Opinion of the Proposed Transaction" with the following comment:

"The fair value of the Target is NT\$28.01 to NT\$31.20. The fair value of the share swap consideration is NT\$28.41 to 30.44 (NT\$11.5 cash, plus 0.80 common shares, and 0.73 shares of preferred shares of CDFH) which is within the fair value range of the Target. Hence, we consider the share swap consideration is fair and reasonable."

4.6.2 Disclosure of information on the merger and acquisition of other financial institutions in the most recent five fiscal years

The Company made a tender offer to acquire China Life in order to strengthen its deployment in the financial industry, enhance operational capabilities, and expand its asset base, ultimately improving return on equity. The acquisition proposal was approved by the Financial Supervisory Commission pursuant to Letters Jin-Guan-Yin-Kong-Zi No. 10600185690 and Jin-Guan-BaoShou-Zi No. 10602545450 dated August 9 and August 15, 2018, respectively. On September 5, 2018 the terms of the tender offer had been fulfilled, one day before the tender offer expired. The Company reported the progress of the tender offer to the Financial Supervisory Commission on September 6 and 7, 2018 and completed the settlement on September 13, 2018. With a 25.33% stake in China Life, the Company officially became the parent company of China Life on September 13, 2018 in accordance with Article 4 of the Financial Holding Company Act.

The Company's Board of Directors resolved to make a tender offer to acquire a 21.13% interest equity in China Life on November 27, 2020. Such acquisition took place from January 8 to February 2, 2021. By February 2, 2021, a 25.76% equity interest participated in the acquisition, making the acquisition of a 21.13% equity interest in China Life. Together, with the shares of China Life 120 previously held by the Company and KGI Securities, the consolidated shareholding ratio reached 55.95%, making the Company a majority shareholder.

The Company's Board of directors resolved on August 12, 2021 to acquire China Life as a 100%-owned subsidiary of the Company through a share swap. The share swap has been approved by both the Company's and China Life's EGMs on October 1, 2021, and by the Financial Supervisory Commission pursuant to Letters Jin-Guan-Yin-Kong-Zi No. 1100228449 on November 16, 2021. On the shares swap date (December 30, 2021), the CDF common shares and preferred shares were issued and cash was paid to China Life shareholders in exchange for remaining China Life common shares,

making China Life a 100%-owned subsidiary of the Company.

4.6.3 Implementation status of new share issuance in connection with mergers and acquisitions or transfers of other financial institutions approved by the Board, information on merged or acquired institutions, and the impact on shareholders' equity in connection with the ongoing merger and acquisition

Implementation status:

The Company's Board of directors resolved on August 12, 2021 to acquire China Life as a 100%-owned subsidiary of the Company through a share swap. The share swap has been approved by both the Company's and China Life's EGMs on October 1, 2021, and by the Financial Supervisory Commission on November 16, 2021. On the shares swap date (December 30, 2021), the Company's common shares and preferred shares were issued and cash was paid to China Life shareholders in exchange for remaining China Life common shares, making China Life a 100%-owned subsidiary of the Company.

2021 Profile of China Life

Unit: NT\$ 1,000

Name of the financial institution		China Life Insurance Co., Ltd.
Address of the financial institution		3, 4, 5, 6, 7F, No. 135, Rd. Dunhua N, Taipei City
Person in charge		Saloon Tham
Paid-up capital		49,206,531
Main Business lines		Providing life insurance, the foreign-currency denominated life Insurance, other insurance-related enterprises approved by the competent authority.
Main products		Personal life insurance, personal accident insurance, personal health insurance, group insurance, pension insurance and unit-link insurance.
Financial data of the last year	Asset	2,306,043,499
	Liabilities	2,129,033,787
	Equity	177,009,712
	Revenue	300,244,299
	Gross profit	38,967,238
	Operating income	31,375,088
	Net income	28,540,238
	EPS	NT\$5.80

Source: China Life annual report

Impact on shareholders' equity in connection with the ongoing merger and acquisition:

None. The Company has no ongoing merger and acquisition for the last year up to the publication date of this annual report.

4.7 Implementation of the Capital Utilization Plans

As of latest quarter before the publication date, there is neither any uncompleted public issue or private placement of securities nor any issue completed within the latest three years that has not yet yielded the planned benefits.

V. Operational Highlights

5.1 Business Activities

The primary business activity of each business category, the proportion of asset and/or income in each business category to total assets and/or income, and the growth and change of each business category are described as follows:

5.1.1 Business Scope

1. According to Article 36 of the Financial Holding Company Act, operations of the company and its subsidiaries shall be limited to investment and management of invested entities, as detailed below. The main businesses of the Company and its subsidiaries are as follows:

◎ China Development Financial Holding

(1) The Company may invest in the following enterprises:

- Financial holding companies;
- Banks;
- Bills finance companies;
- Credit card companies;
- Trust companies;
- Insurance companies;
- Securities companies;
- Futures companies;
- Venture capital firms;
- Foreign financial institutions approved for investment by the competent authority
- Other enterprises permitted by the competent authority

(2) Management of the aforementioned enterprises

(3) Other operations approved by the competent authority

◎ China Life Insurance

- life insurance

◎ KGI Bank

- Accepting all kinds of deposits
- Making loans
- Discounting bills and notes
- Investing in marketable securities
- Remitting funds
- Banker's acceptance
- Issuing domestic letters of credit
- Issuing corporate bonds and providing guarantee
- Providing bank guarantee
- Acting as collecting and paying agent
- Acting as agent to sell government bonds, treasury securities, corporate bonds and stocks
- Conducting custody and warehousing services
- Conducting agency services for operations stated in the bank's business license and other operations

approved by the competent authority

- Engaging in credit cards business
- Selling gold bars/coins and silver coins
- Providing export/import remittance, forex deposits/loans and foreign-currency bank guarantee
- Offering derivatives products approved by the competent authority
- Engaging in the business operations which are specified by the Trust Enterprise Act
- Handling proprietary trading of government bonds
- Conducting brokerage, proprietary trading, certification and underwriting of short-term notes
- Issuing smart cards
- Providing financial advisory to corporations
- Providing wealth management service
- Issuing bank debentures
- Underwriting marketable securities
- Financial planning, consulting and counseling for government agencies and domestic and foreign enterprises, consortia and legal persons
- Providing personal insurance brokerage service;
- Providing property and casualty insurance brokerage service
- Processing other businesses which are permitted by the competent authority

◎ **KGI Securities**

- Underwriting marketable securities
- Proprietary trading of listed marketable securities
- Brokerage of listed marketable securities
- Proprietary trading of over-the-counter marketable securities
- Brokerage of over-the-counter marketable securities
- Margin trading and stock loan
- Agency of securities and stock affairs
- Brokerage of foreign marketable securities
- Proprietary trading of futures
- Concurrently engaged in futures proprietary business
- Concurrently handling wealth management business in the form of trust
- concurrently engaged in securities investment consulting and discretionary investment business
- International securities business
- other securities related businesses approved by the competent securities authority

◎ **CDIB Capital Group**

- Venture capital investment
- General investment
- Investment consultancy
- Management consultancy
- Other consultancy
- Development, rental and sale of residential and building
- Reconstruction within the renewal area
- Renovation and maintenance within the renewal area
- Real estate commerce

- Real estate leasing
- General hospitality industry, including hotels and motels
- Restaurants
- Other operations not prohibited or restricted by law, except those subject to special approval

◎ **CDIB Asset Management**

- Purchase of monetary liabilities from financial institutions
- Evaluation or auction of monetary liabilities of financial institutions
- Management of monetary liabilities of financial institutions
- Purchase of accounts receivable
- Management of overdue accounts receivable
- Industry and commerce credit bureau services
- Data processing service
- Leasing and rental
- General advertising
- Management consultancy
- International trade
- Investment consultancy
- Development, rental and sale of residential and building
- Industrial factory buildings leasing and sales
- Specialized field construction and development
- Public works construction and investment
- New county and community construction and investment
- Land levy and delimit
- Reconstruction within the renewal area
- Real estate leasing
- National but not public property management
- Renovation and maintenance within the renewal area
- Real estate commerce
- Agency services
- Other operations not prohibited or restricted by law, except those subject to special approval

B. Revenue Distribution

◎ CDF

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Share of the profit of subsidiaries, associates and joint ventures	14,727,565	100	37,966,527	100
Others	44,581	0	20,376	0
Total	14,772,146	100	37,986,903	100

Source: 2020-2021 audit financial report.

◎ China Life Insurance

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Personal insurance	215,135,884	83	169,143,296	76
Personal accident insurance	2,695,719	1	2,656,610	1
Personal health insurance	20,407,629	8	20,921,020	9
Group insurance	2,624,723	1	2,841,961	1
Annuity insurance	1,682,818	1	2,204,259	1
Investment linked	15,013,455	6	26,245,494	12
Total Premium	257,560,228	100	224,012,640	100

Source: 2020-2021 China Life Insurance Annual Report.

◎ KGIB

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Net revenues	%	Net revenues	%
Interest profit, net	7,609,147	67	8,787,454	78
Noninterest profit and gain, net	3,749,955	33	2,522,853	22
Total	11,359,102	100	11,310,307	100

Source: 2020-2021 audit financial report.

◎ KGIS

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Brokerage handling fee revenue	7,210,463	48	11,802,116	51

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Revenue from borrowed securities	781,711	5	1,367,668	6
Revenue from underwriting business	659,965	4	989,389	4
Gain on disposal of trading securities, net	2,564,119	17	5,407,685	23
Interest income	2,352,370	16	2,655,343	11
Gain (loss) on trading securities measured at fair value through profit or loss, net	1,172,201	8	(318,283)	(1)
Gain (loss) on warrants issued, net	292,191	2	(258,348)	(1)
Gain (loss) on derivative financial product	(1,084,946)	(8)	1,873,783	8
Others	975,229	8	(1,371,652)	(1)
Total	14,923,303	100	22,147,701	100

Source: 2020-2021 audit financial report.

◎ **CDIB Capital Group**

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Share of the profit (loss) of subsidiaries, associates and joint ventures	(1,022,378)	(145)	1,673,350	80
Gain (loss) on financial assets measured at fair value through profit or loss	319,558	45	408,412	20
Other operating revenue	(1,784)	-	-	-
Total	(704,604)	(100)	2,081,762	100

Source: 2020-2021 audit financial report.

◎ **AMC**

Unit: NT\$ 1,000

Item \ Year	2020		2021	
	Revenues	%	Revenues	%
Operating revenue	177,444	77	105,088	62
Others	52,129	23	64,466	38
Total	229,573	100	169,554	100

Source: 2020-2021 audit financial report.

C. New Financial Products and Services in Development

To sustain growth, the Company has been actively utilizing a variety of marketing resources to develop new products and facilitate business cooperation among subsidiaries. During the product development stage, the Company engages not only marketing and product planning experts, but also talent from various departments such as operations, customer service, IT, compliance, risk management, and financial management in order to gain different perspectives and to ensure product success at the highest level of efficiency. Below is an overview of new financial products and services developed by subsidiaries:

◎ China Life

- Guided by customer demand, China Life provides diversified new products to meet the needs of all ethnic groups at all levels, such as life insurance, retirement, accident, medical treatment, long-term photos, financial management and security planning. — In terms of product development, China Life will develop long-term and guaranteed commodities with rigorous asset liability management and risk control, so as to solve the current situation of low guarantee for Chinese people.
- Facing the trend of social aging and fewer children, China Life will promote competitive retirement and investment commodities, so that people can think and plan their retirement life in advance according to their own needs and income budget, and prepare for their retirement life in advance. With the progress of medical science and technology and the change of life style, as well as the continuous impact of the global COVID-19, people are paying more attention to their own health care prevention. China Life will also launch health promotion and other comprehensive health medical security products to make the protection more complete.
- Asset preservation, retirement inheritance and medical care are the core of China Life. With a professional and experiential design team and the unique characteristics of each channel, China Life will continue to launch differentiated products that meet the needs of customers, so as to meet their all-round career needs and hope to establish a win-win situation for China Life and its customers.

◎ KGI Bank

- KGI Bank will create a digital empowerment module, visit customers with portable mobile devices, and provide online data query, asset inspection, financial planning and order placing services, so as to bring customers a new and complete experience.
- KGI Bank will continue to optimize and complete the functions of the digital platform, expand the types of mobile payment and evaluate the consumption field, such as PX Pay, so as to make mobile payment more convenient for customers.
- KGI Bank will continue to develop innovative financial services in tandem with other industries, open the application program interface (API) of financial services with the concept of open banking, expand the application scope of new technologies, continue to deepen the introduction of AI and business transfer applications, practice the open banking policy of the FSC, actively launch the Bank's innovative financial services on the API platform, expand the banking ecosystem, bring a

good experience of seamless integration for customers, and realize financial scene.— Promote the digital transformation of financial services to enhance customer experience and loyalty.

◎ **KGI Securities**

- KGI Securities has invested a lot of effort in the research and development of derivatives and has never stopped. In 2020 and 2021, KGI Securities spent NT\$ 8.81 million and NT\$ 8.66 million respectively. In recent years, KGI Securities has successively obtained the business qualification of financial products such as interest rate exchange (IRS), interest rate option (IRO), convertible bond asset swap(CBAS), structured notes, bond option, equity option and credit derivatives. In 108, it actively developed and launched new structural products such as fund linked note (FLN) and bond linked note(BLN). It also issued the KGI Taiwan 500 return index ETNs, which is one of the first securities firms to issue commodity ETNs. In 2021,KGI Securities launched FLN and BLN denominated in foreign currency. In addition, in recent years, leveraged structured commodities have been loved by individual customers with professional investor qualification. Although the linked objects of the Company have included interest rate indicators, bonds, equity and other objects, KGI Securities will continue to expand the scope of feasible linked objects of structured commodity issuance business in the future. With a view to developing derivative products that meet the attributes of various investors, meeting the diversified investment needs of customers, KGI Securities will cooperate with the opening up of laws and regulations, apply for the qualification to start spot foreign exchange trading business involving new Taiwan dollars to extend the scope of the Company's financial services.

5.1.2 Annual Business Plan

◎ CDF

- Accelerate Digital: To set an industry benchmark
- Become Employer of Choice: To achieve sustained employee engagement
- Customer Focus: To become the most sought-after brand
- Drive Growth: To outperform peers
- Execution Excellence: To deliver the best results for all stakeholders

Following are the subsidiaries' business plans:

◎ China Life

- Enhance channel value, accelerate digital transformation and optimize customer experience.
- Focus on the development of high-value commodities and achieve the company's financial and business objectives.
- Expand the organization scale and enhance production capacity, and continue to promote business transformation projects.
- Deepen bank channel cooperation and strengthen digital — competitiveness.
- Improve the visibility of agent channels and improve the insurance planning and service of group insurance customers.
- Develop financial technology and innovate business support.

◎ KGI Bank

- Accelerate Digital
 - (1) Allying with strategic partners build an ecosystem to expand customer base and provide diversified products and services
 - (2) Optimize end-to-end customer digital experience journey
 - (3) Accelerate the introduction of digital and data management to improve business efficiency
- Become Employer of Choice
 - (1) Continuously optimize internal service quality
 - (2) Employee participation is institutionalized to improve employee centripetal force and satisfaction
 - (3) Internal work rotation of employees to strengthen their career development
- Customer Focus
 - (1) Optimize the service process of individual customers, small and medium-sized enterprises and corporate customers
 - (2) Promote to rebuild the brand value
 - (3) Plan and implement brand health follow-up survey regularly
- Drive Growth
 - (1) Consistently provide data-driven service solutions
 - (2) Actively expand domestic and international business
 - (3) Deeply improve the customer relationship management of small and medium-sized enterprises

- (4) Promote the growth of retail deposits and asset management scale
 - Execution Excellence
- (1) Build a working platform for customer relationship management
- (2) Improve enterprise Internet banking system
- (3) Establish risk adjusted return on capital (RAROC) mechanism

◎ **KGI Securities**

- Regional digital transformation and comprehensive evolution of digital trading platforms at home and abroad
- Focus on customer needs and provide global and optimal goods and services
- Strengthen product innovation at home and abroad and promote the asset management scale of the Group
- Consolidate the leading position of underwriting and fixed income business
- Process simplification and efficient execution
- Expand the development of cross industry cooperation of CDF

◎ **CDIB Capital**

- Expand the scale of asset management and continue to raise venture capital funds and private equity (including equity and debt) funds
- Make good use of the relationship between CDF and strategic alliance to build a high-quality investment source
- Actively build Taiwan and overseas investment network and establish strategic alliance relationship
- Continue to develop the business of institutional legal person customization and implementation of private fund investment strategy
- Give full play to the added value of CDIB Capital Group and optimize the investment value

◎ **AMC**

- Continue to expand the scale of assets
- Repair and optimize the assets held to improve the value of assets
- Adopt the strategy of combining rent and sale to increase operating income and realize profit
- Assist in optimizing and eliminating the idle real estate entrusted by the subsidiaries of financial holding to manage and maintain, and improve the use and profit of financial holding funds
- Enhance the intensity of debt expediting and recovery, operate multiple legal litigation channels, and increase the performance of case recovery

5.1.3 Industry Overview

1. Financial holding industry

By the end of 2021, there were 16 domestic financial holding companies. By the end of 2021, they accounted for about 75% and 60% of the combined assets and net worth of all monetary institutions in

Taiwan respectively, and they are the dominant force in Taiwan's financial services industry. As Fubon Financial Holding Co., Ltd. successfully acquired 58.9% of equities of Jih Sun Securities Co., Ltd. in 2021, it is expected that the merger will be completed in 2022, and the number of Taiwan Financial Holdings will be reduced to 15.

The net profit of the headline financial holdings is NT\$594.7 billion in 2021, an annual increase of 54.1%, the highest ever. The strong operating performance was mainly due to the outperformance of the capital market driven by the low rate environment, which contributed to the increase in the valuation of investment positions in the financial industry and the rise in securities brokerage fees. Although the expansion of the COVID-19 pandemic in 2021 once affected the domestic demand sector in Taiwan, the government and banks provided bailout lending schemes for the sectors affected by the pandemic. The domestic demand restarted due to the less serious pandemic, which helped to improve the quality of bank assets and led to a decrease in credit costs.

Looking forward to 2022, the global economic recovery will continue to slow down, but the impact of the pandemic on economic activities will be less and less. Supply chain problems that previously plagued the operation of the economy are also expected to be slowly solved, and global economic growth will still be higher than the trend growth in the past. Taiwan's domestic demand is expected to replace exports as an economic engine, and overall economic growth will perform well. It is expected that the government will be committed to promoting private investment this year, and the Central Bank of the Republic of China is expected to soften interest rates. This will help the financial industry to provide investment and financing funds, which are still beneficial to the development of the financial industry as a whole.

2. Life insurance industry

In terms of life insurance industry, at the end of 2021, there were 22 companies operating life insurance business in Taiwan, 19 domestic life insurance companies and 3 foreign life insurance companies. The total premium income of the life insurance industry amounted to NT\$ 2971 billion, a decrease of 6.1% over the same period last year. Among them, the premium income from new contracts was NT\$ 148 billion, an increase of 14.3% over the same period last year. The premium income in the continued year was NT\$ 1923.1 billion, a decrease of 14.4% compared with NT\$ 2247.2 billion in the previous year. Further analyze the premium income of the new contract, and the proportion of each insurance category is as follows: Annuity insurance premiums of NT\$ 504.9 billion, accounting for 48.2%, life insurance premiums of NT\$ 494.7 billion, accounting for 47.2%, health insurance premiums of NT\$ 37.9 billion, accounting for 3.6%, and injury insurance premiums of NT\$ 10.5 billion, accounting for 1.0%. In terms of channel premium, bancassurance accounted for 57.5% of the new contract premium in 2021. The premium of salesmen and other channels accounts for about 42.5%. In terms of commodity structure, the new contract premium of investment commodities accounted for 55.1% in 2021 years, while the new contract premium of traditional commodities accounted for 44.9%, indicating customers' preference for investment commodities. The overall life insurance industry is affected by the overall environment. The new contract premium income of China Life in 2021 is NT\$ 88.8 billion, and the

total premium income is NT\$ 224 billion, slightly lower than that of the previous year. However, the installment payment, guarantee and other high-value commodities conducive to the company's financial business are growing steadily.

Looking forward to 2022, in addition to interest rate, exchange rate and stock price fluctuations as the main variables affecting the life insurance industry, the rise of inflation may also have an impact, and the impact of short-term inflation is limited. However, if the policy of tightening and quantitative easing is adopted for medium and long-term inflation, the financial market will fluctuate, which may affect financial investment assets and reduce the willingness to insure.

In terms of the correlation between the upper, middle and lower reaches of the insurance industry, the insurance commodity starts from the insured to the insurance company. After underwriting the insurance, in order to disperse the underwriting risk, the insurer will transfer the risk through reinsurance in addition to maintaining the self retained part according to its underwriting energy.

3. Banking industry

Since the Ministry of Finance approved the establishment of 16 new banks in 1992, the business bases of domestic banks have increased significantly, facing strong market competition pressure. However, since the opening and establishment of financial holding companies in 2002, they have been consolidated successively. Although the number of domestic banks once reached 39, with a total of 3460 branch sites in 2014, the number of domestic banks and branches has decreased to 38 and 3403 branches in 2021. In addition, in 2021, Citibank of the United States announced the sale of consumer finance businesses in 13 markets around the world, including Taiwan. Citibank announced in January 2022 that DBS Bank of Singapore would acquire Taiwan consumer finance business. Fubon Financial Holding also plans to complete the merger of Jihsun Holdings in 2022, which will accelerate the consolidation of domestic banks.

Although the COVID-19 has impacted Taiwan's domestic demand industry and economy, it has also driven the demand for zero contact business in the financial industry. Banks and pure online banking companies have increased mobile payment preferences to attract consumers. In addition, the competent authorities have actively promoted electronic payment. More people tend to use digital financial services, and digital deposit accounts and mobile payments have grown significantly. According to the FSC, there were 10.469 million digital deposit accounts in domestic banks in the end of 2021, an annual increase of 62%, and the number of increased accounts reached 4.077 million. By the end of December 2021, the total number of users of 29 electronic payment accounts in Taiwan was about 15.81 million, an increase of 4.03 million over the same period of the previous year. According to the FSC, the transaction amount of non-cash payment in 2021 was NT\$ 5.45 trillion, an increase of 9% over NT\$ 4.98 trillion in 2020. The FSC expects that "the transaction amount of non cash payment will reach 6 NT\$ trillion" in 2023.

According to the FSC statistics, Taiwan's banking industry earned NT\$ 385.6 billion in 2021, with an annual increase of 4%, mainly from the annual increase of 8.3% in net interest income, reflecting the

increase in bank loans and the recovery of net interest margin driven by economic recovery, as well as the proper control of bad debt expenses. Looking to 2022, with the resumption of the interest rate raising cycle by the Federal Reserve of the United States, Central Bank of the Republic of China (Taiwan) may also adjust its loose monetary policy, which will help to increase the net interest margin of banks. Moreover, the domestic epidemic has gradually slowed down, driving the recovery of domestic consumption, which is expected to improve the growth momentum of bank lending and credit card collection. It is estimated that the net interest and handling fee income in 2022 will be the main driving force for bank profits, and the bad debt expenses will also maintain the pre-epidemic level.

4. Securities industry

Looking back at 2021, although COVID-19 is still experiencing multiple epidemics, due to the relevant vaccines, major countries gradually resumed economic activities, coupled with the fact that the relevant fiscal policies of various governments still provide bets and low base-period effects, the economies of most countries showed a clear rebound; but in the second half of the year, the growth slowed down gradually, and the supply chain bottleneck was depressed, which affected the dynamics of economic growth to certain extent. Taiwan's epidemic control is still good. Benefiting from the global economic recovery, the continued demand of innovative technology applications and digital transformation, as well as price rising factors, the export performance is still outstanding; for the domestic demand, private consumption gradually recovered after surviving the local epidemic, coupled with the expansion of production capacity by some manufacturers and the continued construction of green energy facilities, which has been a major contributor to economic growth since the second half of the year. In terms of capital market performance, fundamentals strongly drove companies to jump in profits, Taiwan equities rejuvenated, and ranked among the top performers in the major stock markets; at the end of 2021, the fundamentals stood at 18,219 points, a 23.7% growth.

Looking forward at 2022, the global economic recovery will continue to slow down, but the impact of the pandemic on economic activities will be less and less, and the supply chain problems that previously plagued the economic operation are expected to be slowly solved. Global economic growth will still be higher than the trend growth in the past. Although Taiwan's export performance is hardly as prominent as in 2021, the domestic demand is expected to become an economic engine, and the overall economic growth will still perform well.

5. Venture capital industry

At the beginning of 1981, Taiwan Government visited the United States and officially introduced the American "venture capital" system. At the same time, it promulgated the "Rules for the Management of Venture Capital Undertakings", implemented the 20% investment preferential policy for the venture capital industry, and promoted the development of the venture capital industry. In the 1990s, the venture capital industry began to flourish, and the establishment scope of venture capital companies began to expand from Taipei to various regions of Taiwan. The original Taipei venture capital association was also transformed into a National Venture Capital Association. Although the amount and number of investments in the 2000s were impacted by the financial tsunami, with the government continuing to relax the scope of the use of venture capital funds and the introduction of various policies to encourage

private investment in venture capital, it gradually helped Taiwan's venture capital industry recover.

In the past, Taiwan's local venture capital industry was silent for some time due to the insufficient connection between Taiwan's local venture capital and the world. However, with the revision of the rules by the National Development Fund, it actively guided the return of funds to Taiwan, and attracted foreign venture capital to bring knowledge into Taiwan to help Taiwan's venture capital industry inject fresh water. In recent years, the government's National Development Fund has promoted the "Business Angel Investment Program" since 2018. By 2021, it has invested 165 enterprises with an investment amount of NT\$ 2.4 billion, and refined the "Business Angel Investment Program" to NT\$ 5 billion, through strengthening cooperation with investors and simplifying application procedures. In 2021, the National Development Fund also put forward a plan to help start-ups to rescue and increase financing, so as to help start-ups affected by the epidemic to obtain working capital. In addition, in June 2021, the Executive Yuan also announced the "key points for promoting the guidance and management of private equity fund investment industry", to help private equity investors apply for national development fund investment or obtain private funds such as insurance industry, hoping to strengthen the growth force of Taiwan's venture capital industry.

Looking forward to 2022, with the weakening of the epidemic and economic unsealing, governments of various countries will gradually start monetary tightening policies, resulting in the reduction of hot money in the market. However, it is expected that the third generation semiconductor industry, financial technology, green energy technology and health care (including pharmaceutical and biotechnology, health medical services and health medical equipment) will still be the mainstream investment trend, which will stably attract market capital injection, and Taiwan's venture capital industry is still expected to maintain a steady development trend.

5.1.4 Research and Development

The Company conducts research and development mainly via its subsidiaries, including China Life, KGI Bank, and KGI Securities. New financial products are developed with the aim of strengthening product portfolios, providing diversified services, and expanding the customer base. Research and development activities are described as follows:

◎ China Life

(1) Research and development expenses in the past two years

Unit: NT\$1,000

Year	2020	2021
Amount	88,815	94,733

(2) Research and development achievements in the past two years and future plans

- Continue to commit to a prudent business philosophy, promoting regular-premium and high-contribution products to boost embedded value for the company.
- Continue to develop foreign currency policies to provide clients with financial insurance products in a wide range of currencies.

- Develop variable interest-rate products that are in line with market demand based on stringent asset liability management and risk control.
- Continue to strengthen investment-linked products and optimize policy platform services to develop flexible investment and fixed-time, fixed-amount investment-linked product lines that provide more asset allocation options and meet the needs of different customers.
- Aggressively develop insurance products that are principal-guaranteed or for retirees in response to the aging population.
- Continue to treat customers fairly and develop products and services specifically for the elderly, people with disabilities, and the underprivileged group.
- Strengthen and upgrade financial and insurance technology abilities to be in line with the digitization trends; analyze customer profiles with big data and pursue precision marketing to strength long-term competitiveness.
- Implement the government's policy to provide basic protections to the elderly, and continue to advocate for online insurance purchases, as well as small-amount whole life insurance online by government employees and teachers in order to build a basic protection networks for said groups.
- Continue to develop group insurance and accident insurance to meet diverse demand for protection, and provide micro accident insurance to the underprivileged and minority groups on a private individual or group basis.

◎ **KGI Bank**

(1) Research and development expenses in the past two years and in the coming year

Unit: NT\$1,000

Item	R&D Expenses in 2020	R&D Expenses in 2021	Projected R&D Expenses in 2022
Amount	397,156	232,620	909,647

(2) Achievements in research and development in the past two years and further plans

- Drive the digital process reform of financial services to improve customer experience and adhesion.
- In response to the mobile era, the official website has been newly revised. In addition to allowing customers to maintain the best reading mode when browsing on various vehicles, new functions such as search and shortcut have been added to greatly provide users with a convenient experience.
- Optimize digital footprint tracking, accurately grasp customer preferences, increase business exchanges, and enhance digital channel sales.
- The mobile banking and online banking were revised to optimize the system operation interface and user experience, and improve customer satisfaction.
- Build a new corporate Internet banking and mobile banking dedicated to corporate users to provide complete digital experience and services for legal persons.
- Create a full product Onboarding Journey to optimize customer experience and adhesion.
- Create a new type of branch, introduce paperless electronic signatures for account opening, customer-specific TCR cash recycling machines, and APP appointment booking.
- Introduce an independent service platform integrating intelligent customer service, combine AI technology to expand new customer groups and increase the number of users, and expand sales momentum to increase revenue.

- I. In order to develop a cross-domain integrated financial service ecosystem, and improve application efficiency and customer loan experience, we build a 24/7 automatic review process, incorporate modular design architecture and parameterized functions, in order to solve process pain points, create new highlights, and make the Bank an innovative loan specialist.
- J. Introduce a new financial market transaction system, and improve the service efficiency of financial transaction-related business services by optimizing the system structure.
- K. In response to the benchmark interest rate Libor transformation in the financial market, we will continue to complete various preparations, and establish quotations for alternative interest rate transactions and the ability to manage risk positions on our own.

◎ KGI Securities

(1) Research and development expenses in the past two years

The derivative products department and the bond department are mainly responsible for the research and development of new financial products of KGI Securities. Through the reorganization and design of products, it can meet the preferences of various investors.

(2) Achievements in research and development in the past two years and further plans

KGI Securities ranks among the leading securities companies in the equity related derivatives business. In 2021, there were 8193 warrants issued by KGI Securities, with an issuance amount of NT\$ 66.6 billion. It is expected that through the one-time full purchase strategy, investors can provide diversified warrant investment options no matter how the market trend changes. In addition, KGI Securities adopted a positive and stable warrant market making strategy and continuously optimized the existing warrant market making system to make the warrants highly liquid and price linked, hoping to enable KGI customers to have a good warrant investment experience.

In terms of store derivatives, with its professional financial engineering ability, KGI Securities has actively developed different types of financial products, successfully established its competitive advantage in the field of financial innovation, and ranked among the leading groups in the store derivatives business. Taking structured commodities as an example, KGI Securities was committed to providing customers with diversified choices, including new Taiwan dollars For short-term Principal Guaranteed linked interest rate index structured commodities denominated in US dollars or RMB, structured commodities denominated in New Taiwan dollars that are not principal guaranteed linked mutual funds or high-quality corporate bonds, and structured commodities with foreign currency principal linked foreign currency equity options (not principal guaranteed), the total commitment amount of KGI Securities ranked second among peer securities companies in 2021. The complete and diverse commodities of KGI Securities has won great favor from customers. In terms of asset exchange, KGI Securities is also one of the leading securities companies in the market. In the future, KGI Securities will continue to provide more professional and all-round services to create a win-win situation between investors and the company.

5.1.5 Short and Long Term Business Development Plans

1. Short-term business plans

Please refer to section 5.1.2 “Annual Business Plan”.

2. Long-term business plans

◎ CDF

CDF has entered a new era with four engines of growth: life insurance, banking, securities, and venture capital/ private equity. In the future, CDF will aim to provide customers with comprehensive financial services and become the most distinguished financial holding group among Chinese communities around the world.

◎ China Life

- (1) Focus on business sustainability, implement fair treatment of customers, care for underprivileged groups, and promote inclusive finance.
- (2) Expand and strengthen the risk management system to achieve proactive management and early warnings
- (3) Continue to optimize information security management and increase application of and investment in protective technologies
- (4) Continue to expand presence in mainland China and seek opportunities in overseas markets
- (5) Make good use of financial technology to provide clients with quality plans for asset preservation and risk coverage
- (6) Optimize administrative processes and service quality to create brand new customer
- (7) Engage in human resources cultivation and development to strengthen corporate competitiveness

◎ KGI Bank

- (1) Accelerate Digital Accelerate digital transformation and work with alliance partners to build a financial ecosystem.
- (2) Become Employer of Choice Build an excellent employer brand, start with employee engagement, training and performance management system, and strive to become the first choice for top financial and cross domain talents.
- (3) Customer Focus Improve customer satisfaction, optimize the user interface of mobile banking and Internet banking, simplify the product purchase process, and bring customers services with both temperature and efficiency.
- (4) Drive Growth Focus on the steady growth of the three major businesses of corporate finance, personal finance and financial market, improve the income of assets and handling fees, and deepen the benefits of the group's cross selling cooperation.
- (5) Execution Excellence ESG issues will be deeply rooted in operational strategies to enhance the investment value of shareholders.

◎ KGI Securities

- (1) Develop the refined wealth management service model of virtual and real integration

- (2) Promote the integration of overseas platforms and steadily enhance the contribution of overseas profits
- (3) Establish digital channels and expand external sales channels
- (4) Actively develop business niche in mainland China and Southeast Asian markets
- (5) Build an efficient and secure information infrastructure to cope with the trend of future competition

◎ **CDIB Capital**

- (1) Layout Asia Pacific and North America and implement regional development strategies.
- (2) Expand the scale of asset management, continuously improve brand awareness and market position, and become the preferred asset manager and investment strategy partner in the Asia Pacific region.
- (3) Diversify revenue sources.
- (4) Continue to recruit high-quality teams to connect the past and the future.
- (5) Continuously implement the responsible investment policy

◎ **AMC**

- (1) Strive for the opening of business scope, obtain the use of more pipelines and increase the scale of assets.
- (2) Focus on real estate investment business and improve asset returns.
- (3) Planning to participate in urban renewal and old-age reconstruction business.
- (4) Carry out peer cooperation and jointly improve the business scope and scale.

5.2 Cross-Selling and Synergy

After acquiring China Life in September 2017, the Company's main subsidiaries now span four core business activities: life insurance, securities, banking, and venture capital/private equity. This enables the Company to offer customers a comprehensive selection of financial products and services.

In order to provide customers with more comprehensive financial products and services, and improve operational synergies, the Company's subsidiaries (KGI Bank, KGI Securities, and KGI Futures) have obtained regulatory approval in November 2014 to engage in cross-selling activities. In September 2018, China Life also signed cross-selling agreements with KGI Bank and KGI Securities to expand its cross-selling portfolio.

Through cross-selling, KGI Bank can rapidly expand its customer base, and all subsidiaries can effectively broaden their business scales and uncover more business opportunities. The addition of China Life strengthens the Company's ability to devise and integrate financial products that meet customer needs, and helps launch on-trend products in order to cash in on business opportunities. The Company's involvement in the insurance, banking, and securities businesses, and cooperation with a variety of capital channels enable it to provide individual and corporate customers with more comprehensive financial services. The Company aspires to elevate the retention and engagement of each and every

customer in order to maximize the proceeds of the Company as a whole.

The Company's cross-selling activities are carried out in accordance with Article 43 of the Financial Holding Company Act, the Guidelines for Cross Marketing among Subsidiaries of Financial Holding Companies, and related internal regulations to protect the customers' rights and interests and personal information.

5.3 Market and Business Overview

◎ CDF

Since the implementation of the Financial Holding Companies Law on November 1, 2001, there were a total of 16 financial holding companies in Taiwan. According to the data from the end of the third quarter of 2021 released by the FSC, the combined assets and total shareholders' equity of the overall financial holding companies have reached NT \$7.1 trillion and NT \$5.24 trillion respectively, accounting for 75% and 60% of all financial institutions. Therefore, financial holding companies have become the most important core leading force of Taiwan's financial industry.

In recent years, in addition to the continuous layout of overseas westward and new southward development, various financial holding companies have continued to improve the comprehensive effect of resources and business integration within the group to strengthen their competitiveness and strengthen their cooperation, including China Trust Financial Holding Co., Ltd's merger with Taiwan Life in 2015, CDF's acquisition of 35% equity of China Life in 2017 and Taishin Financial Holdings's acquisition of 100% equity of Prudential Life in 2020. In addition, Fubon Financial Holding has held 58.9% equity of Jihsun Holdings at the end of 2021. It is expected to merge Jihsun Holdings in 2022, which is the first merger of financial holding companies.

At present, the four subsidiaries of CDF are China Life, KGI Bank, KGI Securities and CDIB Capital Group. Among them, CDIB Capital Group and KGI Securities have long been occupied a leading position in Taiwan's investment banking business and capital market. After China Life being incorporated into the Company in September 2017, CDF began to be engaged in four main industries: life insurance, banking, securities, venture capital / private equity. In February 2021, CDF further completed the acquisition of 21.13% equity of China Life and completed 100% shareholding in China Life on December 30, 2021. In the future, the life insurance business will improve the profit contribution and capital use efficiency of CDF.

◎ China Life

1. Main products and markets

China Life's sales channels are present across the islands of Taiwan and Penghu, with 9 branches and 141 district offices in 2021. China Life has successfully developed more than 100 cooperation channels of insurance brokers / agents and a number of Bancassurance channels to provide complete sales information and service channels for policyholders.

2. Future supply-demand dynamics

In recent years, the demand for insurance by Taiwanese people can be broadly divided into three major categories: protection planning, financial planning, and medical planning.

In terms of protection planning, life insurance density was NT\$134,287 in 2020. As for financial planning, the public have increased their focus on retirement planning. We therefore predict sales of life insurance and annuity products geared towards retirement will remain strong. On the part of medical planning, the Taiwanese are increasingly emphatic about the quality of medical care. Demand for insurance that covers long-term care, catastrophic illness, specific injuries and diseases, and disabilities will continue to grow.

3. Business objectives

Please refer to the aforementioned (I) Business Activities and (II) Annual Business Plan of V. Operational Highlights.

4. Positives and negatives for future development

(1) Competitive niche and positives

- China Life has strong financial solvency, rigorous corporate governance and risk management mechanism. In 2021, the RBC ratio was 325.12%, the net worth ratio was 8%, and the net profit after self settlement in 2021 reached NT\$ 28.54 billion.
- Promote guaranteed installment payment, medical insurance and investment insurance to enhance the long-term implied value of the company.
- The industry's Smile to Sign action insurance combined with biometric for long-distance insurance.
- Won the new patent of AI intelligent model applied to salesman Chatbot
- Won the 2021 insurance industry Asia Double Award - annual digital innovation and annual insurance innovation.
- China Life has been ranked as the top 20 companies in fair hospitality for three times.
- Implementing the spirit of Inclusive Finance and fair hospitality, China Life has won awards for seven consecutive years in the micro insurance business competition.
- Won the Gold Award for talent training project planning of Taiwan insurance Excellence Award and the silver award for micro insurance promotion.
- During The 2021 Taiwan Sustainability Award TCSA, China Life ranks first in the number of awards and won five awards.
- China Life is the only company to win the top 50 sustainable enterprise award.
- China Life is the first company to pass ISO14097 climate change investment activity evaluation and report.
- China Life is the only company that has won the top 5% corporate governance evaluation for 6 times in the insurance industry.
- Won the fifth place in the financial industry in the survey of 2000 large enterprises by 2021 World magazine.
- It won two awards of the 18th National Quality Yushan Award for best products.
- Passed the international standard BS10012: 2017 Personal Information Management System

(PIMS) Expanded Verification.

- The Group is committed to maximizing talent capital, improving employee engagement and moving towards the goal of Becoming Employer of Choice.
- Give play to the entrepreneurial spirit and innovation ability, cooperate with the cross selling cooperation of the group's subsidiaries, and improve the comprehensive effect of co-marketing.

(2) Negatives

- Given the impact of COVID-19 on the global economy, the murky global political and economic outlook, and a series of preventive and control measures and stress test launched by regulators as a result of International Financial Reporting Standards 17 (IFRS 17) and the new generation of Insurance Capital Standard (ICS 2.0), Taiwan insurance companies are faced with severe operational challenges.

(3) Response strategies

- Enhance the contribution proportion of new contract value of self owned channels and maintain the market share of external channels, and take both increasing value and stabilizing sales momentum as the channel development strategy.
- Committed to the promotion of micro insurance, micro end-of-life insurance, fair treatment of people with physical and mental disabilities and the principle of fair hospitality and other inclusive financial policies, and implement the concept of "fairness and empathy, hospitality as yourself".
- Check the customer journey map, conduct customer opinion interview (NPS customer net recommendation survey), collect customer feedback, find out the optimization direction according to the customer pain points, and comprehensively improve the customer experience.
- Establish measurement models and internal control processes that meet the requirements of IFRS 17.

◎ KGI Bank

1. Main products and markets

The predecessor of KGI Bank is CosmosBank, Taiwan. Its main business items include deposit, wealth management, consumer finance, corporate finance, financial interbank and foreign exchange. It continues to innovate in financial businesses such as mobile payment, cash card, personal credit, housing loan and wealth management. It is the first bank in Taiwan to launch mobile payment services. Since its opening in February 1992, it has been committed to providing high-quality financial services for industrial and commercial enterprises and the public in the form of commercial banks, and has joined CDF since September 15, 2014. By the end of 2021, KGI Bank had 51 branches in Taiwan, with a balanced and complete business network. In terms of business expansion, various financial businesses will take the existing advantages as the niche, and with the full support of the parent company's development of financial holding's thick capital and relevant subsidiary resources, KGI Bank will use more complete platform resources to improve the efficiency of cross-border product sales and capital utilization, quickly strengthen the market competitiveness, and actively move towards international development, so as to become a regional niche bank with more professional and

perfect financial services.

2. Market Overview

Looking forward to 2022, the Federal Reserve is expected to accelerate monetary tightening, and financial market shocks are inevitable. However, due to the readjustment of American industrial supply chain, the accelerated migration of enterprise investment layout and the strengthening of Taiwan businessmen's willingness to return capital, the domestic real investment will increase, the capital expenditure such as investment in plant construction and machinery purchase will increase, and the financing demand of enterprises is expected to continue to increase. According to the assessment of Fitch Ratings, an international credit rating company, the profitability of Taiwan's banking industry is expected to remain stable in 2022 due to higher lending growth, reduced interest margin pressure and stable fee income growth. However, affected by the relative instability of the international political and economic situation, the bank's overseas credit business has adopted a more cautious and conservative attitude, and will pay high attention to the asset quality of overseas exposure.

2. Possible future growth in the market

Taiwan has entered the aging population structure. The government estimates that the proportion of the elderly population in the total population will exceed 20% in 2025. The social trend of aging and fewer children has prompted the change of financial demand. In order to encourage financial institutions to appropriately adjust the allocation of resources, the FSC said it would formulate laws and regulations to actively encourage financial institutions to innovate and develop relevant financial goods and services, and combine the resources of medical, nursing and other service institutions to develop financial goods and services that meet the needs of the elderly.

In addition, the impact of the COVID-19 in the past two years has driven the vigorous development of the market demand for contactless services, accelerated the pace of digital transformation in the financial industry, and accelerated the cooperation with FinTech start-ups. How to maximize the value of financial innovation services under the regulatory framework and expand the customer base of the financial ecosystem has become one of the main topics of the current financial industry operation. In addition, the global industrial chain is in the ascendant, rolling up a sustainable wave, In addition, governments of various countries have formulated net zero carbon emission policies, and enterprises are facing the challenges of energy management and structural transformation, thus driving the vigorous development of green economy. Financial institutions are expected to research or reduce the demand for green goods and financial services to meet the expectation of investors.

3. Business objectives

Please refer to the aforementioned section at 5.1.2 Annual Business Plan.

4. Positives and negatives for future development and response strategies

(1) Positives

- Credit products have strong customization and evaluation ability of financial products. They can flexibly meet the strategic needs of customers and provide integrated services to improve non

interest margin income.

- The foundation of the Company's financial business is solid, with the professional ability to grasp the industrial chain information in real time, and continue to deepen the ability of marketing and risk control.
- Devoted itself to customers, the Group continuously cooperates with enterprise customers, commercial customers and individual customers, develops goods and services, and creates comprehensive value.
- Diversified credit products, digital nuclear loan procedures and the combat power of the business team are in a leading position.
- Give play to the flexibility of medium-sized banking business, modularize digital products and services, quickly cooperate with other industries, and import new partners and customers.

(2)Negatives

- Global political and economic risks have increased, and the capital feast is coming to an end, which may reduce the investment willingness of enterprise customers.
- The Bank lacks overseas branches and cross-border services are relatively limited.
- Interbanks competes to invest in the development of high-end wealth management business, and the market is more competitive.
- Three domestic pure online banks have opened one after another, raising the competitive pressure in the personal financial market.

(3)Response strategies

- Develop sustainable financial products to meet the financial needs of enterprise customers at all stages of the net zero carbon emission path.
- Complete the types of financial transaction commodities to meet customers' commodity needs in different investment periods.
- Build from the perspective of customers, end-to-end optimize customer journey, and provide simple and smooth digital experience.
- The personal finance and legal reserve businesses carry out meticulous customer group management, strengthen marketing and risk control capabilities, and improve customer adhesion and contribution.
- Replicate the successful experience of the new platform through strategic alliance, expand the scene of the financial ecosystem and bring in new customers.
- Refer to the successful data analysis and management model of the industry to develop the blueprint of data transformation.

◎ KGI Securities

1. Main products and markets

The sales (supply) areas of major commodities (services) of KSK Securities is Taiwan. As of the end of March 2021, there were 72 business locations in Taiwan. Therefore, the market and business overview in this section is based on the Taiwan securities market as the target market.

2. Future supply-demand dynamics

In 2021, Taiwan stocks and transaction volume maintained the price trend of 2020, and the Taiwan stock weighted index in 2021 closed at 18,219 points at the end of the year, a 23.7% growth rate, reflecting the economic growth rate of 6.45% in 2021, which is a new high in the past 11 years. According to the statistics of the Securities and Futures Bureau of FSC, the total profit of all securities dealers after tax increased by 68% to NT\$96.3 billion annually, and the return on shareholders' equity reached 16.21%, all of which were the highest ever. The brokerage fee income, proprietary business and underwriting business of securities firms all increased compared to the same period of the previous year. Of which, benefited from the vigorous trading of Taiwan stocks, brokerage fee income increased by 65.82% year-on-year, the proprietary business profit also increased by 111.6% to NT\$15.385 billion, and underwriting business profit increased by 46.6% year-on-year to NT\$2.1 billion.

Due to the implementation of transaction-by-transaction and intraday fractional shares on the stock exchange to attract more new generations to enter the stock market, the proportion of natural person households in the Taiwan stock market turnover reached 69% by the end of 2021, a new high in the past 10 years. With the younger investor structure and the convenience of mobile phone ordering software of securities companies, the proportion of electronic transactions has also risen to a record high of 77%. Currently, domestic securities dealers have proposed digital transformation plans in response to the digital wave. Although the FSC also considers opening up the establishment of pure online digital securities dealers, it is expected that securities companies that provide differentiated and convenient account opening methods, trading systems and diversified commodity services will be favored by more investors in the future. In addition, in addition to Taiwan stock trading, securities firms actively promoted securities overseas market investment, driving the annual increase in the amount of entrusted transactions to NT\$ 4.3 trillion in 2021. With the increasing willingness of domestic investors to invest overseas and the popularization of the concept of stock and debt asset allocation, it will be the key for domestic securities companies to continue to expand overseas financial product information and provide service experience in the future.

With the easing policy and the gradual recovery of the global economy, the value of the Taiwan stock market increased by 26% to NT\$62 trillion at the end of 2021. The turnover rate of the Taiwan stock in 2021 was 176.6%, an annual increase of 53.3%. The growth rate was among the highest in the world's major securities markets. Looking into the future, the Executive Yuan has approved the extension of the halving of the tax on pawn trades to the end of 2024 at the end of 2011, and the FSC will open in 2022 that investors can use the creditor's rights of receivables to be delivered on the way as a guarantee, to apply to securities companies for unrestricted loan loans. T+0 can receive payment for selling stocks, which can both help continue to activate the Taiwan stock market and improve market liquidity. Diversification of the business helps to boost the monetization momentum of the brokerage business.

3. Business objectives

Please refer to the aforementioned section at 5.1.2 Annual Business Plan.

4. Positives and negatives for future development and response strategies

(1) Positives

- The introduction of intelligent and automatic financial advisory services by securities companies in combination with digital financial technology (Fintech) will become an important factor for securities companies to enhance added value.
- After the implementation of MiFID II, international investment banks tend to reduce personnel and reduce competition. At the same time, foreign securities companies are driven to adopt the mode of cooperation with domestic securities companies.
- The products and various indexes continuously listed on stock and futures exchanges provide more arbitrage trading opportunities.
- The brokerage business has a strong customer base and high brand visibility, which attracts high asset customers and is conducive to the development of wealth management business.

(2)Negatives

- The increase in the proportion of electronic transactions has impacted the commission income of securities companies, and the competitors of the new platform compete for the market at a low price.
- The entry of foreign high-frequency and program traders into the Taiwan market affects the warrant market making and hedging of securities companies.
- The securities dealers turned to strengthening the securities borrowing business, resulting in the decline of securities borrowing rate.

(3)Response strategies

- Build a customer-centered interactive digital platform to provide customers with innovative service experience through B2C intelligent financial advice and intelligent customer service.
- Continuously optimize and develop relevant information equipment and platforms to meet the needs of high-frequency trading customers; Develop diversified trading strategies and fast trading systems, and pursue profit opportunities in response to market changes.
- Closely observe the government's financial policies and market development trends, cooperate with the opening of new business and financial commodity business, expand business scope and strengthen product breadth, and actively grasp profit opportunities.
- In addition to continuing to actively optimize the electronic trading platforms in overseas regions, Kaiji Hong Kong has accelerated the development of online securities business plans through cooperation with financial technology industry, with the goal of fully evolving into a global investment trading service platform. Take advantage of Asia Pacific cross regional platform to find high net worth customers, actively establish greater China and ASEAN cross regional financial service platforms, grasp market fluctuations and derived business opportunities, and develop wealth management business.

◎ CDIB Capital

1. Main products and markets

CDF, formerly known as "China Development Trust" and "China Development Industrial Bank", is mainly engaged in venture capital, equity investment and asset management. Its business operation focuses on the Asia Pacific region and continues to expand its business territory to Europe and the United States. In 2021, "ACT Genomics Holdings Ltd." invested by the biomedical fund of CDF and

Cerba Research, a European CRO laboratory, jointly established a molecular laboratory to continue to help funds enter biomedical companies with development potential at home and abroad, which is expected to promote the globalization and internationalization of China development capital.

2. Future supply-demand dynamics and growth potential

At present, among the 16 financial holdings in Taiwan, in addition to CDIB Capital Group under KGI Securities, almost all financial holdings have established venture capital companies, such as Fubon Financial Holding Venture Capital under Fubon Financial Holding, Cathay Pacific venture capital under Cathay Pacific Financial Holding, China Trust venture capital under China Trust Financial Holding, Mega Venture Capital and Mega Global Venture Capital under Mega Financial Holding Company Ltd, and Yuanta Venture Capital under Yuanta Financial Holdings. According to the statistics of the Venture Capital Business Association of the Republic of China, CDF is currently the top three in the capital scale of domestic financial holding companies' reinvestment in venture capital enterprises. In 2017, the FSC opened the banking industry to 100% reinvestment in venture capital companies, and opened the investment information industry to raise private equity funds. One after another, Taiwan Business Bank reinvested to establish Taiwan Business Bank Venture Capital Co., Ltd, Chang Hwa Bank Venture Capital Co., Ltd., Union Bank Of Taiwan Venture Capital Co., Ltd, and Cathay Pacific Investment Co., Ltd. established Cathay Private Equity Co., Ltd. At present, the FSC is more open than in the past. In addition, in recent years, the government has actively promoted the five plus two industry innovation plan and entrepreneurial angel investment scheme to inject funds into the domestic venture capital industry. It is expected that the venture capital industry will have more growth momentum in the future, but it will also face more fierce horizontal competition in the future.

3. Business objectives

Please refer to the aforementioned section at 5.1.2 Annual Business Plan.

4. Positives and negatives for future development

(1)Positives

- With more than 60 years' experience, industrial strength and market experience
- Giving full play to the comprehensive effect of group resource integration
- Ability to recruit international talents

(2)Negatives and response strategies

- The competition in Taiwan's venture capital industry is becoming increasingly fierce. It is necessary to make good use of the group and international resources to open the competition gap among peers
- In order to balance the source of profit, CDIB Capital Group can transform from direct investment to asset management business
- The tightening of loose policies in various countries may lead to the reduction of market investment funds. It is necessary to focus on key industries after the epidemic and attract stable injection of funds

5.4 Employee Profile

5.4.1 Employee profile (population, years of service, age and highest educational attainment) for the last two years and before the printing date of the Report

Year		2020	2021	As of March 31, 2021
Numbers of Employee	China Development Financial	165	200	209
	KGIB (Note2)	2,532	2,423	2,388
	KGIS (Note2)	3,741	3,879	3,884
	CDIB Capital (Note2)	230	225	217
	China Life (Note 3)	6,338	6,701	6,558
	China Development Asset Management	13	13	13
	Total	13,019	13,441	13,269
Average Age (Note 2)		42.11	42.34	42.60
Average Years of Service (Note 2)		9.79	8.99	9.10
Education (Note 2) (Note 4)	Ph.D.	0.1%	0.1%	0.1%
	Master	22.3%	22.8%	23.1%
	Bachelor's Degree	69.3%	68.1%	67.8%
	Senior High School (& below)	8.3%	9.0%	9.0%
Certificatio n and Qualificati on	CFA	15	17	17
	CPA(domestic)	30	35	35
	CPA(overseas)	4	5	5
	CISA	2	5	4
	FRM	32	27	28
	IPMA Level D	1	1	1
	Attorney at law, R.O.C.	21	33	35
	Attorney at law, USA	5	3	3
	Attorney at law, Australia	1	1	1
	Internal Auditor	10	17	15
	Certified Financial Services Auditor	1	1	1
	Certified Public Bookkeeper (for Specialized Professionals and Technicians)	3	3	3
	Proficiency test for foreign exchange transaction	68	73	72
	Proficiency test for corporate basic internal control	64	99	101
	Investment trust and consulting laws exam	1,191	1,317	1,333
	Investment trust and consulting specialist exam	958	1,043	1,039
	Proficiency test for Stock Affairs Specialist	84	87	86
	Proficiency test for junior foreign exchange personnel	481	481	485
	Proficiency test for junior credit personnel	723	736	740
	Proficiency test for advanced credit personnel	43	43	42
	Proficiency test for financial risk management	8	8	7
	Proficiency test for credit collateral valuation	12	12	12
	Financial knowledge and professional ethics exam	1,984	2,434	2,458
	Trust laws exam	126	146	145
	Trust personnel exam	3,065	3,531	3,522
	Certified Project Management Professional	20	43	46
	Proficiency test for Certified Financial Planner	700	816	816
	Bill Finance Specialist exam	68	66	68
	Futures Commission Merchant Specialist exam	2,417	2,512	2,488
	Futures Brokerage Merchant Specialist exam	10	15	15
	Futures Trading Analyst exam	22	33	33
	Futures Fund Specialist exam	1,126	1,104	1,090
	Structured Instrument Specialist exam	662	702	705

Year		2020	2021	As of March 31, 2021
Certification and Qualification	Proficiency test for Bond Specialist	66	69	69
	Proficiency test for basic asset securitization	30	33	33
	Bank internal control and internal audit exam	1,989	2,063	2,076
	Securities Margin Trading Specialist exam	719	701	694
	Securities Investment Analyst exam	62	72	74
	Senior Securities Specialist exam	2,142	2,276	2,247
	Securities Specialist exam	2,109	2,247	2,238
	Certified Financial Planner (CFP)	16	28	28
	Life insurance representative	2,934	4,104	4,106
	Life insurance representative exam for sale of foreign currency non-investment linked insurance policies	1,738	2,316	2,321
	Property insurance representative	2,572	3,093	3,085
	Investment-linked policy representative	1,910	2,614	2,622
	General exam for investment-linked insurance and financial system	258	280	276
	Securities exchange regulations and practices exam	297	311	310
	Proficiency test for debt collector	387	386	382
	Securities practitioner exam (SAC)	8	6	6
	Securities lending specialist exam	293	289	286
	Professional in Business Analysis	0	0	0
	CFSSME	14	18	17
	Elementary ERP planner	1	4	4
	Advanced calculation method on Capital adequacy ratio of securities firms exam	5	7	7
	Property insurance broker	9	12	13
	Life insurance broker	10	14	16
	CAIA	1	1	1
	MFP	2	2	2
	Grade b special exam for finance specialist	7	16	16
	Life insurance agent	2	236	236
	Chartered Life Underwriters	2	5	6
	Junior professional and technical examinations for realtors	7	9	10
	Assistant real estate broker	170	163	163
	Proficiency test for deposit business	27	32	33
	Basic Test of the FinTech Knowledge	212	302	308
	Financial derivatives specialist exam	15	21	24
	Proficiency test for risk management	0	0	0
	Accounting grade c subject test	25	54	52
	Licensing examination for securities Futures Intermediaries(Asset Management)	2	0	0
	Licensing examination for securities Futures Intermediaries(Corporate Finance)	1	1	1
	Licensing examination for securities Futures Intermediaries(Securities)	5	3	3
	Certified Anti-Money Laundering Specialists (CAMS)	59	115	113
	Legal Profession Qualification Certificate	3	3	3
	Futures Practitioners Qualifying Exam	1	1	1
	AMAC Fund Qualification Exam- Basic Knowledge of Private Equity Fund	8	8	8
	AMAC Fund Qualification Exam- Regulations and Ethics Standards	11	11	11

Year		2020	2021	As of March 31, 2021
Certification and Qualification	AMAC Fund Qualification Exam-Basic Knowledge of Securities Investment Fund	3	3	3
	License for Fund Practitioners	1	1	1
	Fellow, Life Management Institute	0	457	460
	Anti-Money Laundering/Countering the Financing of Terrorism Specialist exam	51	325	328
	CPA(China)	0	8	8
	Securities Practitioner's Qualify exam- Basic Knowledge of Securities Market	1	1	1
	Securities Practitioner's Qualify exam- Securities Investment Analysis	1	1	1
	Wealth Management Planner	2	2	2
	Property Insurance Agent	7	11	11
	Property Insurance Underwriters	3	3	3
	Claim Adjuster for Property Insurance	1	1	1
	Proficiency test for corporate governance	1	3	3
	Basic Test on the Fintech Knowledge	4	8	9
	Internal Auditor	1	1	1
	FSA	0	5	5
	FAICT / Life	0	4	4
	Scrum Master Accredited Certification	1	1	1
	Corporate management Professional	1	1	1
	Accounting Qualification Certificate	1	1	1
	CICPA	1	1	1
	Legal professional qualification certificate	1	1	1
	Attorney at law, China	1	1	1
	e-Enterprise Assistant Planner, EEAP	1	1	1
	CPMP	1	1	1
	CEH	0	5	5
	ECIH	0	1	1
	Professional Scrum Master™ I (PSM I)	0	4	4
Total		32,170 (Note 4)	38,227	38,211

Note 1: Employee headcount excluded Independent contractors

Note 2: The shown figure includes employees of all subsidiaries

Note 3: The number of employees does not include contracted business personnel.

Note 4: Due to the adjustment of the listed licenses, this is the adjusted figure, which is different from the annual report of the previous year.

5.4.2 Education and Training for Employees in 2021

Talent is the most important asset of a company and the key to a company's success. CDF has always valued the development of its employees. The Human Resources Department is dedicated to provide the best educational training resources and environments to its employees.

In 2021, the total number of participation of CDF and the total training hours of its subsidiaries in domestic and overseas training sessions (both physical and online) reached 105,642. On average, each employee received 76.3 hours of training in 2021. The questionnaires that employees filled in after the training sessions showed that they were very satisfied with the training sessions, learning environment, and the online platform. The satisfaction rate is great.

5.5 Corporate Social Responsibility and Code of Conduct

In order to achieve the sustainable development of Taiwanese society, since 2021, Zhonghua Development Fund Holding has been promoting the "Inclusive Vision", actively investing in local innovation, and investing resources to solve the problems of rural and urban exodus, aging, and child-reduction. In addition to leveraging the core capabilities of inclusive finance, we encourage our group colleagues to join the ranks of volunteers, and use the strength of the group volunteers to help promote local creativity and achieve the goals of creating with Qingyin and Yin, working with elders, working well with the weak, and living with the environment as a solid backdrop for the sustainability of Taiwan. In 2022, the COVID-19 pandemic impacted Taiwanese society, China Development Financial Holding Corporation not only donated thousands of kilograms of vegetable boxes and tens of thousands of pieces of epidemic prevention materials to public welfare organizations, but also launched an internal fund-raising activity within the group - "Glimmer Action", calling on colleagues to support the "Glimmer Action" with small donations, supporting front-line medical care and nursing staff with practical actions, and helping the elderly or disabled people who have been diagnosed or quarantined at home to receive comprehensive care, reduce the mortality rate, and then establish a community epidemic prevention and care model that integrates mobility, care, medical care, and intelligence.

5.5.1 Inclusive Vision

- Youth-senior co-creation: Use financial profession to develop and accompany local youth and capable elders to start a business or develop new business opportunities

Subsidiaries/Units	Programme of Action	Beneficiaries	Commercial Benefits	Social Benefits
China Development Financial Holding Corporation (CDF)	Cooperate with Tainan Happy Food 1000 Co., Ltd. to help more young farmers return to their hometowns and develop friendly farming land	Local youth farmers and local creative teams	Strengthen the corporate image of CDF to support youth-senior co-creation, and call on local youth farmers to participate in the financial management, debt management, and entrepreneurship consulting lectures of CDF through Tainan Happy Food 1000 Co., Ltd., assist local young farmers to cultivate financial management and financing capabilities, and become the backing of local youth farmers to start their own businesses.	1. Economic value: The total purchase amount to Tainan Happy Food 1000 Co., Ltd. from subsidiaries of the CDF Group in 2021 was about NT\$800,000. 2. Social value: During the third level of COVID-19 alert, the CDF and Tainan Happy Food 1000 Co., Ltd. cooperated to give gifts of midday zongzi and corn to vulnerable groups, benefiting a total of about 550 elders and children. 3. Environmental value: The camera supported and mounted on a shelf by CDF continues to collect tens of thousands of images for the Bird Ecology Laboratory of National Pingtung University of Science and Technology. Through research and analysis of the positive benefits of birds in farmland ecosystems, encourage more farmers to adopt friendly

				farming methods that are symbiotic with the environment, and use them as materials for food farming education.
China Development Financial Holding Corporation (CDF)	Help The Can to strengthen local creative support systems from the point of view of education	Children from vulnerable families, and social enterprises that aim to solve local education problems	Promote The Can's products, local tours and public welfare projects to customers to enhance the public welfare image of the CDF, and also lead customers to participate in public welfare together. The Can is a successful example of local innovation in Taiwan. The cooperation with The Can builds the visibility of CDF among the local creative teams, and creates cooperation opportunities with the whole Taiwan innovation teams in the financial field.	Encourage more enterprises to invest in local innovation and accelerate local development through successful cases of establishing corporate CSR and local innovation teams. During the third level of COVID-19 alert, CDF donated epidemic prevention materials, school children's stationery, and vegetable boxes to the Grass Book House; in addition, it also donated 86 pieces of furniture to The Can and Grass Book House, and recruited volunteers from the group to paint the walls of the book house and move the furniture into the house.
KGI Bank	Donated to the Small & Medium Enterprise Credit Guarantee Fund of Taiwan	Submitted insurance guarantees to a total of 5,789 domestic SMEs or new start-ups	Under the guarantee of the credit insurance fund, the Bank can effectively control the financing risks to SMEs; the cumulative guarantee amount in 2021 was NT\$2,515,475,944	Assist domestic SMEs or new start-ups with insufficient collateral to supplement their credit capabilities, and then they obtain financing, substantially assisting the sound development of SMEs
CDIB Capital Group	CDIB Capital Group Accelerator, as a growth driver for new startups, assists new startups to obtain relevant knowledge and market information such as fundraising, operation, and marketing business problems	Start-ups	Assist start-ups to partner with large enterprises	Help start-ups and entrepreneurs solve business challenges they encounter

- Have fun with the elderly: Empower the elderly to obtain economic, social, health and other resources through volunteering and corporate core competencies, and create business opportunities in the super-aged society

Subsidiaries /Units	Programme of Action	Beneficiaries	Commercial Benefits	Social Benefits

China Development Financial Holding Corporation (CDF)	CDF and Plahan Symbiosis Care Labor Cooperative promote the symbiosis of the elderly to solve the problem of elderly care and health promotion in Taiwan's super-senior society.	Elders and their families	Support the Plahan Symbiosis Care Labor Cooperative to establish a successful model of "Inter-professional Integrated Case Management (All in One)" in Taichung Heping District Tribe, so as to promote a symbiotic senior lifestyle for the elderly. In addition to internal training colleagues to understand the model, it also called on all colleagues in the group to jointly raise funds to support the "Glimmer Action" hosted by Plahan Symbiosis Care Labor Cooperative. During the severe epidemic, this model will be applied to families with elderly care needs in Taiwan, and the image of CDF's caring for the elderly and socially disadvantaged deeply rooted in the hearts of the people.	Assisted the L'olu to establish the "Tribal Life Museum", which has become a tourist attraction and a space for local elders to organize eggs and gather together. More than 100 people benefited from it. During the COVID-19 Level 3 alert period in 2021, we donated anti-epidemic materials to 70 local caregivers, so that the caring of elderly at home is performed safely. In addition, we also donated vegetable boxes to the local charity kitchen as meals for the elderly living alone. During the COVID-19 Level 3 alert period, CDF raised NT\$2,535,756 through internal fundraising and corporate matching donations to donate to the "Shimmer Project" initiated by the Plahan Symbiosis Care Labor Cooperative and Taiwan Taxi Academy Association. The "All in One" care model of Plahan helps New Taipei City to ensure that the confirmed cases and those living in isolation receive complete care during home isolation to reduce the mortality rate, benefiting more than 4,000 people.
China Life	Intensify dementia prevention and care through the Mentally Handicapped Friendly Initiative	People with dementia and their families	Internally, China Life promoted all colleagues to complete the dementia education and training courses, and called on the Taiwan-wide communications office to participate in establishing the first "dementia-friendly insurance company", and continues to strengthen the service concept and practical ability of colleagues. Implement the understanding and empathy for dementia patients into every care and service link for elderly and vulnerable customers, provide a warm and high-quality service experience, refine value propositions and establish a new service model, so that dementia friends and their families can have a friendly environment and feel warm service. China Life has been paying close attention to the issue of elderly friendliness for a long time, and has	Under the culture of "fairness and empathy, treating guests as treating yourself", China Life and Taiwan Alzheimer's Disease Association continue to communicate and cooperate closely, sponsor joint academic seminars, expand the promotion of dementia care issues online, and support Taiwan Alzheimer's Disease Association to develop various services for dementia patients and their families, and combines family members, government units and professionals from all walks of life to promote dementia prevention, treatment and care, and prepare for the super-aged society. Jointly develop the emergency contact card key ring, and provide it to the dementia patients or the elderly in need, so as to assist in the construction of an anti-lost protection network. Through joint

			joined hands with the Taiwan Alzheimer's Disease Association to advocate dementia friendliness, demonstrating a trustworthy entrepreneurial spirit.	initiatives, we will promote the issue of dementia care and support the Taiwan Alzheimer's Disease Association to promote the prevention, treatment and care of dementia, so as to prepare for the aging society, and then attract more corporate strength and resources to care about this issue.
China Life	China Life cooperates with Duofu to provide barrier-free travel services for the elderly / disabled policyholders .	Policyholders and other family members	Continue to promote fair treatment of customers and financial-friendly behavior for the elderly. Participate in one-day tour activities with business colleagues and senior policyholders, which demonstrates China Life's commitment to paying attention to fair customer service and customer service, and convey China Life's customer-centric, trustworthy, and sharing corporate value. Active NPS reaches up to 95.	By organizing barrier-free travel for policyholders, we can meet the emotional and social needs of the elderly, so that the elderly and people with disabilities can truly have equal rights to physical and mental health and social participation. And continue to attract more attention to the community's attention to the travel rights, physical and mental health care, and service needs of the elderly with disabilities.

- Working with the disadvantaged: Building and improving a social safety net through volunteering and financial inclusion

Subsidiaries/Units	Programme of Action	Beneficiaries	Commercial Benefits	Social Benefits
China Life	Volunteer Service Project	Public welfare cooperative unit	16 times of media exposures	615 events, number of recipients of public welfare activities: 17,643
China Life	Micro Insurance: Enhance the basic insurance protection for the economically disadvantaged or those with specific status	Yilan County Government, Yunlin County Government, Hualien County Government, Tainan City Government, Taitung County Government, and Lixin Social Welfare Foundation, Associations Legal person Yunlin County Social Welfare Workers Association, Tainan City Private	Cumulative number of microinsurance participants: 60,783	Provide 60,783 people with basic insurance coverage

		Xiufeng Gongji Charity Association, Tainan City Private Chaoxing Social Welfare Charity Foundation, and Yilan County Social Welfare Joint Fundraising Foundation		
China Life	Hualien Financial School: Improve the basic understanding of financial management and insurance among people in remote areas, reduce the gap between urban and rural areas, and narrow the gap in financial knowledge.	Disadvantaged families, elders and teenagers in the countryside of Hualien	Play the role of insurance professional, implement inclusive finance, create a culture of fair hospitality internally, communicate externally of China Life's cares about the underprivileged, and promote the image of sustainable finance.	Hosted 5 physical events with nearly 400 attendees, with 100% satisfied
China Life	Knight CEO Project: Insufficient campus service community funding, and low student community participation	College students, and services	Improve young students' appreciation of the brand	Nearly 300 community residents and children in rural areas benefited
China Life	Project to Support the Disadvantaged: uneven marketing of agricultural products, and lack of resources for social welfare groups	Friendly environment small farmers, and social welfare institutions	13 times of media exposures	4,000 + people benefited
China Life	Project to Support the Disadvantaged: Sponsor the additional funds for elevators and barrier-free facilities of Bethlehem Mission Society in Taitung	Missionaries of Bethlehem Mission Society	Improve the positive image of corporate feedback in society	Pass on the missionaries' dedication to Taiwan, attract donations from all walks of life and invest in the construction of facilities
China Life	Blood Donation Project	Children from Da-Xing Elementary School. and blood recipients	6 times of media exposures	1. A total of 862 bags of blood were collected, and the cumulative blood volume exceeded 210,000 c.c. 2. Help 25 rural schoolchildren improve their writing skills and competitiveness

China Development Foundation	Nutrition 100 Points Nutrition Program for Schoolchildren in Remote Areas: Caring about the plight of schools in remote areas to handle nutritious lunches, and subsidizing children in remote schools who are undernourished.	204 rural schoolchildren were subsidized with a nutritional supplement, benefiting 11,602 people.	Enhance the brand image	Balance the shortage of education resources in urban and rural areas, so that parents are willing to keep their schoolchildren in their hometowns for education and local development.
China Development Foundation	Help poor college students relieve financial pressure, engage in the work of guidance of underprivileged students, and help students find motivation for learning with empathy together.	100 poor college students and 100 disadvantaged students, recipient families and school teachers	Improve brand image Increase the number of KGI Bank accounts opened by students	Help college students with financial difficulties to complete their studies, and help disadvantaged middle school or elementary school children from poor families to improve their learning motivation and learning performance.
China Development Foundation	Dumbo in our Class — Small Talent, Big Future: Sponsor middle and elementary school children from poor families who have artistic and talent potential to learn art.	Students and families assisted	Enhance the brand image	Cultivate diverse talents in the society, and help economically disadvantaged school children gain confidence and recognition.
China Development Foundation	Help high school and college art, sports, and technical-vocational outstanding students become technical professionals.	Beneficiary students, families and schools	1. Promote the brand image 2. Increase the number of student KGI Bank accounts 3. The assisted students give back to the employees of the company with their expertise to optimize the working environment	Enable young people to have a skill and can live independently, and cultivate diverse talents in the society to promote social progress. Case performance: 1. Young football player Yung-Cheng Yuan, 19 years old, has been awarded a scholarship since 2020, and won the contract from Racing Rioja CF in the Spanish third-tier league (Second-tier B league) in May 2021, becoming the first Taiwanese player to win European football professional contract. 2. Chia Ming Lee, graduated from TNUA Dance School in January 2022, joined the Small Flying Elephant Program since middle school. After ten years of cultivation by the foundation, he was admitted to the Hong Kong Dance Company to develop in Hong Kong in 2022. 3. Studied at Kaohsiung Sanmin High School, Chu-Yun Zheng, with outstanding performance in tennis, won the gold medals in

				the tennis senior women's team and women's doubles from the 2021 National Secondary School Games. 4. Jiaxin Lee, who studied at Hsin-Chuang Senior High School in Kaohsiung City, joined the Small Flying Elephant Program in the third grade of her elementary school, and was promoted to the domestic Badminton Group A player in 2011.
China Development Foundation	Public Welfare Bakery "Love and Greedy Baby" Order: Support the stable operation of the "Leizhi Compound Sheltered Workshop" affiliated to Hsinchu Hua-Guang Social Welfare Foundation, provide employment opportunities for the physically and mentally handicapped and increase the organization's income.	Students of Hua-Guang Learning Center and hearing-impaired staff of Amazing Grace Deaf Bakery.	Enhance the brand image	The plan has contributed a total of NT\$4.8 million in revenue in the eight years since the implementation of the plan, enabling the sheltered workshop to operate stably for a long time and providing a better learning platform for people with disabilities.
China Development Foundation	Sponsor the "Zero Distance Art" of the National Theater & Concert Hall: Sponsor remote students to enjoy the art programs of the National Theater & Concert Hall.	227 students from remote areas, including visually impaired friends, students from Penghu Magong Elementary School, and Hualien High School Music Class.	Enhance brand image and favorability	Provide rural youth with access to performing arts and foster creativity and artistic literacy.
China Development Foundation	Lunch Date: The company employees serve as a volunteer for one day, and they go directly to the campus to investigate the lunch in the remote areas and solve problems, and interact with the students in remote areas to establish a deeper emotional connection.	A total of 86 teachers, students and parents	Enhance the brand image and favorability.	Nourish lunch in the countryside with specific actions.

China Development Foundation	Annual Public Welfare Day Activities: Combine social welfare organizations and social enterprises to organize public welfare market activities, and increase colleagues' attention to public welfare issues through purchases.	100 people from social welfare organizations and social enterprises sold goods, and 1,000 colleagues from enterprises participated in the market activities.	* Enhance brand image and favorability. 529 people used KGI credit cards. Improve the consumption process with the KGI Bank mobile payment machine.	Create NT\$1,123,874 turnover to help social enterprises and social welfare institutions. Encourage corporate employees to be consumer-friendly, learn about the SDG agenda, and help rural schools raise dream funds to build social inclusion.
KGI Charity Foundation	"Love Starts from Primary School" Scholarship program: To help the disadvantaged students to solve the financial difficulties and have the opportunity to develop special talents.	In 2011, it assisted New Taipei City, Taoyuan City, Pingtung County, Yunlin County, Nantou County, etc., assisted a total of 168 schools and 405 disadvantaged students.	Enhance the corporate image	Help students study in the cold and help disadvantaged students develop special talents.
KGI Charity Foundation	"Love, Let Opportunity Budge" Countryside Care Program: Help disadvantaged students in remote and disadvantaged areas with relatively insufficient financial resources and economically disadvantaged families, so that they can have nutritious breakfast and English learning opportunities, bridging the gap between urban and rural areas.	Disadvantaged students	Enhance the corporate image	Subsidize dual disadvantaged students in remote rural areas, provide nutritious breakfast and English learning; enhance the healthy development of disadvantaged students, and lay a foundation for English, and assisted 72 schools in 2021.
KGI Charity Foundation	Emergency Assistance: Provide emergency assistance to students' families or individuals who suffer from sudden changes, help families get through the difficulties with the concept of "emergency assistance", and give follow-up care according to the situation, so that students can go to school with peace of mind.	Disadvantaged students and families	Enhance the corporate image	Help families get through the difficulties with the concept of "emergency assistance", and give follow-up care according to the situation, and provide further assistance as appropriate. A total of 73 cases were assisted in 2021.

KGI Charity Foundation	Love Bread: Support Hsinchu "Leizhi Compound Sheltered Workshop" and Taoyuan "Letaotao Sheltered Workshop" to provide job opportunities for people with disabilities. Stable income.	Students of "Leizhi Compound Sheltered Workshop" and "Letaotao Sheltered Workshop"	Enhance the corporate image	The plan has contributed a total of NT\$4.8 million in revenue in the seven years since the implementation. The sheltered workshop can operate for a long time and provide stable work for the people with disabilities.
KGI Charity Foundation	Christmas Gifts to Remote Villages: Due to the relative lack of resources in remote villages, we give the year-end gifts of love to convey the warmth of the corporate society.	Vulnerable schoolchildren in rural areas	Enhance the corporate image	The Love to Remote has been held for six consecutive years. At the end of the year, the KGI employees acted as volunteers to deliver gifts to the children in person, conveying the spirit of social good for KGI.
KGI Securities	Reading Program for the Blind: Help solve the problem of visually impaired people having no books to read. Manpower has been invested in proofread e-books and audiobooks, so that visually impaired people have the same rights to read and learn as ordinary people	Visually impaired people	Enhance the brand image	Provide the visually impaired with sufficient learning and teaching resources, and increase the willingness of the visually impaired to participate in society through the ability to obtain information.
KGI Securities	Invoice Helping Program for Children with Intellectual Disabilities: Help Children Are Us Foundation to carry out various predetermined target plans	Children Are Us Foundation	Enhance the brand image	Help children with intellectual disabilities have lifelong learning and lifelong care
KGI Bank	Heart Donation Platform: Provide an open API using the "KGI inside" open app interface to help social welfare institutions effectively reduce donation fee expenses	30 social welfare institutions	Strive for charitable organizations to become potential customers of KGI Bank's salary transfer business	Assist 30 social welfare organizations to raise nearly 140,000 donations, amounting to more than NT\$176 million, and the cost of online donations was significantly reduced by 78%

- Symbiosis with the environment: Strengthen the corporate image of responsible finance enterprise through environmental symbiosis advocacy and implementation

Subsidiaries /Units	Programme of Action	Beneficiaries	Commercial Benefits	Social Benefits
China Life	Influencer Tea Station Program: Partner with the Tea Station Program team to set up water dispensers at designated locations for public access	The general public	1. 21 media reports, with the exposure value of ND\$1,902,525 2. Improve the favorability of the China Life brand and the	1. Starting from the insurance industry, and combining health, environmental and social issues, we set up 5 tea serving bases in Shuangbei and Huadong tourist areas and bicycle routes, so that the people and tourists around the bases can enjoy free and clean drinking water. 2. Promote the concept of drinking more water to get more healthy, and reducing bottle waste,

			cooperative units of tea serving bases	so as to achieve plastic reduction and carbon emission reduction from the source, and exert the influence of the environmental initiative of the insurance company. 3. Support 1 Presidential Hackathon Award-winning Social Enterprise
China Life	Friendly Environment Project: Raise public awareness of environmental protection	1. Tainan University of Technology 2. People participating in clean beach event	Enhance the public welfare image of corporate environmental protection	More than 500 people responded to the clean beach event
KGI Securities	Exclusive Small Farm Commodity Purchasing Platform for KGI Securities	Taiwan-wide Organic Small Farmers		Support the environmentally friendly farming practices, encourage local low-carbon consumption, and connect businesses and communities to achieve mutual benefits

5.5.2 Epidemic Social Assistance

Subsidiaries/ Units	Programme of Action	Beneficiaries	Commercial Benefits	Social Benefits
China Development Financial Holding Corporation (CDF)	Glimmer Action	Confirmed elderly/handicapped, separated elderly/handicapped, elderly in need of care and their families	Glimmer Action's group fundraising campaign adopts the latest KGI Inside love fundraising platform of KGI Bank as a fundraising channel, and it is another example of a combination of philanthropy, digital and finance. By supporting Taiwan's first home-based care project for epidemic isolation, the "Glimmer Action", and assisting the promotion of this model in other counties and cities, CDF can hold the right to speak on innovative issues of elderly care. Subsequently, the CDIB Capital Group's intelligent healthcare resources and the products related to the long-term care of China Life and KFC Bank can be integrated into the cooperation plan.	During the COVID-19 Level 3 alert period, CDF raised NT\$2,535,756 through internal fundraising and corporate matching donations to donate to the "Shimmer Project", so as to help New Taipei City to ensure that the confirmed cases and those living in isolation receive complete care during home isolation to reduce the mortality rate, benefiting more than 4,000 people. The Plahan Symbiosis Care Labor Cooperative and Taiwan Taxi Academy Association, the sponsors of the "Glimmer Action", also held a total of eight domestic and foreign online exchange seminars, attracting more than 700 domestic and foreign directors, medical experts and practitioners to participate in the study.

China Life	Epidemic Care Project: Support the Angel Heart Foundation's Family Care Network - Online Care Gathering Program Expenses during the Coronavirus Outbreak	Angel and her family	Improve the positive image of corporate feedback in society	Provided 885 Angel family respite care services
China Life	Epidemic Care Project: Sponsored the "International Anti-epidemic Experience and AIO Long-term Care Online Seminar" of the Taiwan NPO Self-Regulation Alliance, so that the medical care and life care of the vulnerable during the epidemic period will receive more attention from the public.	Taiwan NPO Self-Regulation Alliance	Improve the positive image of corporate feedback in society	Collaborate with NPO Self-Regulation Alliance to host online international learning and discussion, connect with long-serving units to help diagnosed or isolated elderly and physically challenged people for immediate medical and life care during home treatment, and promote home-based, high-protection, interprofessional care services, with approximately 150 participants
China Life	Epidemic Care Project: Sponsored the Taiwan Aboriginal Culture Promotion Association's "Epidemic Care Project for Aboriginal Village Tribes" to provide the assistance needed by Aboriginal people during the epidemic outbreak	Vulnerable aboriginal families	Provide 400 dementia prevention and protection DMs to local residents to enhance the exposure of China Life's products and the image of fair hospitality	1. Help 100 vulnerable Aboriginal families facing disruption due to the pandemic 2. Provide 100 tablets so 100 Aboriginal children do not have to stop learning from afar

5.6 Number of non-executive full-time employees, and the average and median annual employee compensation and differentials from the previous year

In 2021, the total number of non-executive full-time employees was 7,313, up 1.7% YoY. The average annual compensation was NT\$1.468 million, up 15.8% YoY. The median annual compensation for non-executive full-time employees was NT\$1.143 million, up 11.4% YoY.

5.7 Information Technology Facilities

Under CDF's IT deployment strategy, the Group's subsidiaries (KGI Securities, KGI Bank, CDIB Capital Group, and China Life) operate their own IT centers on independent divisional frameworks.

5.7.1 Software and hardware configurations and maintenance

- Core business systems are self-maintained; non-core systems may be maintained by contractors.
- New business systems will be developed either by the company or by a service provider, depending on the demands.
- System software and hardware are maintained by professional service providers.

Operating information systems are categorized by business as follows:

1. China Life

- IT systems are divided into segments: (1) insurance policy management (including new contracts, policyholder services, premiums and claims), policy image processing, online insurance, mobile insurance, remote insurance, channel management and services, product-selling assistance tools, actuarial and reinsurance, and risk control; and (2) accounting, personnel, office automation, etc.

2. KGI Bank

- IT systems are divided into segments: (1) bookkeeping, deposits, loans, transfers, foreign exchanges, trusts, credit cards, Flexible Cards, wealth management, operation flow management, etc.; and (2) policy making, risk management, customer service, data warehousing, etc.

3. KGI Securities

- IT systems are divided into segments: (1) securities/futures/options brokerages, proprietary securities/futures trading, domestic bonds, derivative products, institutional investor transactions, capital market, wealth management, sub-brokerage, brokerage registry and transfer, and offshore securities unit (OSU); and (2) data warehousing, customer relations management, account openings and integration, money-laundering prevention, risk management, accounting, human resources, fixed assets, and office automation.

4. CDIB Capital

- IT systems are divided into segments: (1) investment management systems, eFront, investment process management; and (2) accounting (general ledger, budget and adjustment), office automation, etc.

5.7.2 Future development or procurement plans

In consideration of the corporate outlook and regulatory compliance, IT development and installation

projects in 2021 included the following:

1. CDF

- Cloud Data Analysis Development Project
- Enterprise Integration Architecture Implementation
- Enterprise data application platform
- Group Human Resources Management System Replacement Project
- Group expense management system replacement project
- Group Procurement Management System Replacement Project
- Automation account inventory system implement

2. China Life

- Smile to Sign (remote insurance)
- Customer website revamp
- Healthcare ecosystem
- HR management system
- Optimizing China Life's official website and building marketing websites
- Holistic Customer Experience System
- RPA System

3. KGI Bank

- Internet Banking and Mobile Banking
- Official website
- Optimized for digital platforms
- Intelligent customer service
- Community management - Line Gateway
- Payment Gateway(Credit Card)
- Implementation of Fundamental Review of the Trading Book (FRTB) for market risk
- Mobile ID
- Implementation of SWIFT ISO 20022 standard
- The commandments of financial specialist
- Hacker trap detection defense system
- Infrastructure replacement and expansion
- Environment integration of work from home
- Information security enhancement software and hardware expansion
- Smoke Detection Apparatus replacement
- Branch network SDWAN architecture introduction
- M365
- Active Directory security enhancements project
- API abnormal activity monitoring project
- Cyber Offensive and Defensive Exercises project

4. KGI Securities

- Group digital transformation(Official Website)
- Remote backup enhancement
- Information service monitoring center and service management system establishment
- Network segmentation
- Test automation tools
- Continuous monitoring and horizontal endpoint monitoring for mobile devices

- Robotic process automation (RPA)
- Integrated account opening platform
- HTS Platform upgrade
- Ultra High-Frequency trading FPGA(Field Programmable Gate Array) system - Microsoft M365 modern office software upgrade
- Load balancing equipment replacement of office network environment
- Remote working connection enhancement
- Building wireless network(WIFI) service construction

5.7.3 Emergency backup and security measures

CDF has implemented operational regulations with respect to corporate information security and stringent internal control mechanisms to ensure data security and normalcy of IT operation across the Group.

- In order to ensure the stability data center operations, CDF has established a continuous backup for systems, networks, and electrical and mechanical facilities. Each major system has its own a storage policy based on data storage characteristics. CDF has also defined recovery measures related to the importance level the systems, and has a remote backup center that carries out disaster recovery drills on a regular basis. In addition, CDF, China Life and KGI Securities plan to implement ISO 22301 international business continuous management system(BCMS) certification.
- KGI Securities has been in 2014 and China Life became BS10012 PIMS (Personal Information Management System) certified at the end of 2020.
- CDF's information security management framework is based on ISO27001:2013 (Information Security Management System, ISMS). In 2020, CDF and its subsidiaries retained ISO27001 ISMS certification. In September 2020, CDF and KGI Bank were ISO27001 ISMS re-certified for their extended scope of IT systems. China Life and KGI Securities were also re-certified in 2021.
- In view of the rapid changes in hacker attack methods and the increasing information security risks, CDF has actively invested in and built information security defense in technologies and tools to strengthen the capacity of information security defense by introducing advanced information technology, such as next-generation firewall, intrusion detection and defense (IDP), application firewall (WAF), advanced persistent threat protection (APT), endpoint detection and response (EDR), etc.

5.8 Information security management

5.8.1 Information security risk management structure, Cyber security policy, specific management scheme and resources invested in Cyber security management

1. Information security risk management framework

CDF has constructed a complete information security risk management system in accordance with the international standard of ISO27001:2013 information security management system (ISMS). It has established an information security management organization, promulgated information security policies and formulated information security management regulations. At the same time, by integrating information maintenance and information security management processes, CDF has increased the application and investment of protection technology, and continuously refined and strengthened cyber security.

2. Information security policy

In order to maintain the overall information security of the Company, strengthen the security management of various information assets, ensure their confidentiality, integrity and availability, and maintain the sustainable operation of the company, CDF has formulated an information security management policy in 2019 and set the following information security objectives:

- (1) Ensure the confidentiality of the Company's information assets and implement data access control.
- (2) Ensure the integrity of the company's information operation management and avoid unauthorized modification.
- (3) Ensure the continuous operation of the Company's information operations, meet the operation service level and meet the applicability standard.
- (4) Ensure that the Company's information operations comply with the requirements of relevant laws and regulations.

3. Specific management plan

(1) Compliance with laws and regulations

- The annual "information security planning and implementation report" shall be regularly conducted in the board of directors every year to realize the specific actions of board members to pay attention to information and network security risks and relevant governance mechanisms.
- In accordance with the regulations, the Company regularly handles the internal and external regulations and laws of asset safety, follows the self-assessment and audit, regularly inspects and checks the lack improvement operation every month, and can handle the lack improvement measures on time.
- The Company regularly holds information security related management and maintenance meetings, invites information units and information security related units to jointly discuss information security promotion strategies and maintenance operations related issues, and explains the handling of information security events and the implementation of notification.

No notification of major information security deficiencies was received or found in 2021.

- Since 2021, the Company has included the asset safety KPI in the performance appraisal of each unit.

(2) Joint defense mechanism of financial assets and security

In order to strengthen the Company's asset security defense system and energy, and gradually promote various asset security joint defense mechanisms, the following have been established and implemented:

- The Company establishes an information security sharing and cooperation mechanism by joining F-ISAC to become a member of the Joint Defense Information Systems Agency, carrying out early warning and real-time protection cooperation with external information and security manufacturers, and sharing information about safety and security within the Group.
- The Company establishes and implements the rules, procedures and organizational system for the notification and response of financial security incidents, organizes the Group's virtual information response team (VIRT) and regularly educates, trains and drills to establish the financial security incident response system.
- The Company has established a monitoring system of financial information security incident. By establishing a security monitoring system and online maintenance, the Company cooperates with its own or entrusted external information security incident monitoring, analysis and handling to strengthen information security monitoring and continuously develop the internal and external joint defense information system.

(3) Implement the CDF's information security strategy and architecture planning

- After passing the verification of ISO 27001:2013 information security management system (ISMS) in 2019, the Company continued and deepened the asset security governance and ensured the effectiveness of the information security management system. At the same time, the external verification unit confirmed that the ISO27001 international verification was continuously effective
- In order to strengthen asset security supervision, the Company takes the lead in handling information security system and protection maturity assessment in the same industry, introduces external maturity analysis model for asset security assessment, ensures that asset security risks and weaknesses can be found as soon as possible, and integrates improvement measures into planning and management. The FSC's "financial asset security action plan" has also included asset security governance maturity assessment as an implementation measure.
- In order to refine financial resilience, the Company conducts annual emergency response and continuous operation drills for various information security events, including: Financial

information security attack and defense drill (DDOS, red and blue team information security attack and defense drill), major information security incident response scenario drill, drills of business continuity management (disaster response, information system backup and recovery operation, etc.), and plan to adopt ISO 22301 business continuity management.

4. Resources invested in Cyber security management

Both CDF and its subsidiaries have set up special units for information security, and appropriate budgets are prepared every year to promote asset safety related work. In line with the Company's digital transformation policies and changes in information security risks, the organizational structure and human resources will also be revised and expanded according to the actual needs.

5.8.2 Losses, possible impacts by major information security incidents in the most recent year and up to the date of printing of the annual report and countermeasures

There were no major information security incidents in this year and up to the printing date of the annual report, so there is no need to report major risk incidents.

5.9 Labor Relations

5.9.1 Employee welfare, retirement policy and implementation; agreements between labor and management, measures for securing employees' rights

1. The Company runs a staff cafeteria catered by professional cooks to provide employees with healthy, nutritional, and delicious lunch options.
2. The Company provides employees with Labor Insurance and National Health Insurance coverage as required by law. Apart from the statutory insurance policies, the Company also offers group insurance coverage for life, accident and hospitalization, and allows employees' spouses, underage children, and parents to be included in group accident and hospitalization coverage.
3. The Company's retirement policy has been established in accordance with the Labor Standards Act, which requires that the Company make monthly pension contributions into employees' personal accounts held under the Labor Pension Supervisory Committee. The Labor Pension Act went into effect beginning July 1, 2005 and prescribes the following rules:
 - (1) All employees who begin their employment on or after July 1, 2005, shall be subject to the Labor Pension Act.
 - (2) Employees who began their employment before July 1, 2005 (exclusive) may choose to elect the Labor Pension Act or the Labor Standards Act for their pension system. This selection must be made within five years from July 1, 2005, otherwise the Labor Standards Act becomes the default the pension system.
4. The Company places great emphasis on employees' work-life balance. It offers annual leave packages that are superior to what is required in Labor Standards Act, and prepares regular reports to help line managers understand the leaves taken by their subordinates.

5. The Company values employees' physical health, which is why it offers one subsidized health check every two years for employees below the age of 40, and one subsidized health check every year for employees aged 40 and above. The Company also allows employees to take a paid leave of absence to undergo health checks.
6. The Company organizes health seminars to promote employees' knowledge of health-related topics such as food safety, cancer prevention, weight control, and maintaining a healthy digestive system.
7. The Company has assembled an Employee Welfare Committee to provide following benefits, subject to budget availability:
 - (1) Holiday bonuses and gifts
 - (2) Wedding, funeral and birth subsidies
 - (3) Scholarship for employees' children
 - (4) Employee tour subsidies
 - (5) Birthday gift
 - (6) Injury/illness remedies
 - (7) Club event subsidies
 - (8) Film screening
 - (9) Employee Family day
 - (10) Shopping discounts

5.9.2 Recent losses resulting from employment disputes as of the publication date of the Annual Report (including violations of the Labor Standards Act identified by labor inspection results, and including the violation name, article and contents, the violation date and sanctions); disclose current and estimated losses and any response or action taken; state reasons in cases where losses cannot be reasonably estimated

The Company believes employees are the most precious resource of an organization. In addition to regular labor management meetings, the Company also utilizes all channels at its disposal to communicate with employees and address whatever queries they may have, all for the purpose of maintaining a harmonic relationship and raising work efficiency.

The labor inspection results and employment disputes as of the publication date of the Annual Report are tabulated as follows:

The results of the labor inspections of the Company and its subsidiaries for the most recent year and the year ending on the date of publication of the annual report showed no violations of the labor standards laws or labor disputes.

5.9.3 Working environment and employee safety measures

In order to fulfill the social responsibility and protect the safety of our colleagues, the Company aims to provide a safe, healthy and comfortable working environment. In accordance with the provisions of the occupational safety and health law, the Company has formulated safety and health work codes, and made every effort to promote occupational safety and health policies to prevent accidents. Some of the actions taken are as follows:

1. Enhanced training on workplace safety and health to reduce dangers and hazards at work
CDF provides the occupational safety and health personnel in accordance with regulations, regularly

carries out occupational safety education and training courses, conducts regular inspections of the lighting systems, CO2 levels, and the turbidity, pH, and E. coli of drinking water in the office., and also regularly cleans the reservoir and air conditioning cooling water tower to provide a healthy working environment for employees.

2. Took out all kinds of insurance, handled health examination and set up employee welfare committee
CDF insures employees with labor insurance, national health insurance and group insurance, and regularly handles employees' health examination. The main subsidiaries of the Group employ or contract nursing staff and doctors to carry out the business related to employee health promotion and occupational disease prevention in accordance with the requirements of laws and regulations. In order to improve employee welfare, CDF has established the employee welfare committee, which is responsible for employee welfare matters, including marriage and funeral subsidies, children's scholarships, injury condolences and emergency relief.

3. Conducting regular fire safety drills and training courses to strengthen disaster preparedness and response mechanisms

The Group handles the maintenance and declaration of fire safety equipment in accordance with the regulations, and has formulated relevant fire safety plans and measures. According to the self-defense grouping method, the Group is organized into fire protection, security, communication and rescue teams to carry out drills regularly.

4. Strict access control to ensure the safety of the office area

The Group has established strict access regulations to ensure that employees and other operations personnel are in compliance with access permissions across office locations. The main office buildings shall have 24-hour security personnel that routinely engage in safety patrol to ensure the personal security of employees at each office location.

5. In response to the government policy, the Company has set up lactation rooms in main office buildings and obtained relevant certification of excellent lactation(milk feeding) room.

5.10 Material Contracts

◎ CDF

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Liability insurance for directors, supervisors and key staff	AIG Taiwan Insurance Co., Ltd., MSIG Mingtai Insurance Co., Ltd., ACE Insurance Taiwan	2020.9.2 to 2021.9.2	1. Liability insurance for directors, supervisors and key staff 2. Compensation for securities liabilities 3. Compensation for employment liabilities 4. Remedial liabilities	Exclusions include but are not limited to: Claims made between U.S. insured parties, claims for known losses, and claims relating to hazards, pollution and money-laundering activities.

Stock Swap Agreement	China Life Insurance Co., Ltd. (“China Life”)	2021.8.12 to the effective date of the stock swap	Matters relating to the stock swap of the two parties	China Development Financial Holding Corporation (“CDF”) undertakes to China Life that CDF will, from execution of the stock swap agreement to the effective date of the stock swap, continue the existing business in the day-to-day operational manner and not carry on certain activities without China Life’s prior written consent. The undertakings are specified in clause 8 of the stock swap agreement posted by CDF on the Market Observation Post System.
Lease Agreement	China Life	2021.1.1 to 2036.9.30	Rented premises are located at 8 th , 12 th , 13 th and 18 th floors, No.135, Dunhua N. Rd., Taipei City.	1. Either party may terminate the lease agreement after providing a written notice of not less than three months to the other party, and otherwise shall make a penalty payment for breach of the abovesaid requirements. 2. Either party shall make a penalty payment in accordance with the lease agreement when such party terminates the lease agreement in the first 42 months of the lease period. 3. CDF deserves a rent-free period for decoration. CDF shall reimburse the rent of the decoration period pursuant to the relevant provisions while terminating the lease agreement before it expires.

◎ **CDIB Capital Group**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Real Estate Purchase Agreement	Shin Kong Life Insurance Co., Ltd.	2021.1.15 to 2021.9.13	Sold properties are located at No.125 and 127, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City	1. The payment of the purchase price for the properties and the transfer of the ownership of properties shall be completed by September 3, 2021. 2. The properties are handed over at their present status along with the facilities and any other things.
Long-term Loan Agreement	Mega International Commercial Bank	2021.12.13 to 2024.12.12	Credit line is US\$50 million	None

◎ **China Life**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Reinsurance Contracts	Central Reinsurance Corporation	Since October 31, 1968	Reinsurance treaties(for Life, PA, Group, and CAT)	None
Reinsurance Contracts	Munich Reinsurance Company	Since January 1, 1975	Reinsurance treaties(for Life and Health)	None
Reinsurance Contracts	General Reinsurance AG	Since January 1, 1994	Reinsurance treaties(for Life, PA, and Health)	None
Reinsurance Contracts	Swiss Re Asia Pte. Ltd.	Since June 1, 1992	Life reinsurance treaty	None
Reinsurance Contracts	RGA Global Reinsurance Company Limited	Since January 1, 2003	Reinsurance treaties(for Life and Health)	None
Reinsurance Contracts	Scor Reinsurance Company (Asia) Ltd.	Since August 1, 1993	Reinsurance treaties(for Life, and Health)	None
Reinsurance Contracts	Hannover Reinsurance Company	Since November 1, 2009	Reinsurance treaties(for Life, Health and CAT)	None
Reinsurance Contracts	The TOA Reinsurance Company	Since January 1, 2016	Reinsurance treaties(for Life, PA and Group)	None
Reinsurance Contracts	SCOR SE	Since January 10, 2002	Reinsurance treaties(for Life, and Health)	None
establish the superficies	Northern Region Branch of National Property Administration of Ministry of Finance	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None
establish the superficies	Political Warfare Bureau of Ministry of National Defense	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Construction Contract	Chung-Lu Construction Co., Ltd.	From December 16, 2016 to completion date.	Taipei Academy New Construction Contract	None
Amendment to Construction Contract	Chung-Lu Construction Co., Ltd.	From March 1, 2017 to completion date.	First Amendment to Taipei Academy New Construction Contract (for revision of total price)	None
Amendment to Construction Contract	Chung-Lu Construction Co., Ltd.	From April 12, 2021 to completion date.	The second amendment to the Construction Contract (amending the total price of construction)	None
Stock Swap Agreement	China Development Financial Holding Corporation (“CDF”)	2021.8.12 to the effective date of the stock swap	Matters relating to the stock swap of the two parties	China Life Insurance Co., Ltd.(“China Life”) undertakes to CDF that China Life will, from execution of the stock swap agreement to the effective date of the stock swap, continue the existing business in the day-to-day operational manner and not carry on certain activities without CDF’s prior written consent. The undertakings are specified in clause 8 of the stock swap agreement posted by China Life on the Market Observation Post System.

◎ **KGI Bank**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Service level agreement	IBM Taiwan Corporation	10 years from the effective date (2012.10.31)	The service level agreement covers: credit card system applications’ maintenance, management of credit card system’s network, system management, on-site support, disaster recovery, project management office, and maintenance of service level.	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Consolidated Condensed Balance Sheet

Unit: NT\$ 1,000

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	97,636,786	86,038,806	129,444,209	153,033,754	216,777,094	N/A
Financial assets at fair value through profit or loss	125,949,607	374,931,034	492,082,632	543,495,816	554,548,173	
Available-for-sale financial assets	558,889,116	—	—	—	—	
Financial assets at fair value through other comprehensive income	—	485,335,934	539,623,924	712,962,077	507,374,321	
Debt investments measured at amortized cost	—	970,536,279	1,028,887,835	1,064,332,087	1,220,278,781	
Financial assets for hedging	—	—	—	102,479	259,267	
Securities purchased under resell agreements	55,150,889	39,770,534	46,789,881	50,409,959	28,315,799	
Receivables, net	100,219,420	101,604,537	104,305,699	138,547,338	130,448,138	
Current tax assets	745,603	1,168,303	759,762	705,864	123,419	
Discount and loans, net	325,147,363	369,131,396	376,535,852	408,444,192	407,601,578	
Reinsurance assets, net	302,104	534,353	533,134	740,256	891,059	
Held-to-maturity financial assets, net	198,886,022	—	—	—	—	
Investments accounted for using the equity method, net	16,375,012	16,102,926	17,403,840	15,175,924	20,227,991	
Other financial assets	752,610,493	103,675,320	121,187,047	141,118,874	154,951,789	
Investment property, net	25,450,094	25,432,420	25,341,556	29,953,756	35,299,898	
Property and equipment, net	30,880,691	31,717,297	34,904,312	35,343,870	34,051,875	
Right-of-use assets, net	—	—	18,548,919	14,049,764	12,590,590	
Intangible assets, net	22,169,720	21,171,147	20,441,634	19,537,371	18,742,494	
Deferred tax assets	9,081,862	12,652,560	9,888,920	12,399,965	14,003,281	
Other assets, net	73,029,608	78,011,982	60,608,848	94,265,129	102,154,401	
Total assets	2,392,524,390	2,717,814,828	3,027,288,004	3,434,618,475	3,458,639,948	
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	28,867,956	22,434,914	24,560,878	11,502,768	20,953,036	
Financial liabilities at fair value through profit or loss	55,729,704	87,786,725	94,068,987	116,142,567	57,698,157	
Financial liabilities for hedging	—	—	—	641,307	73,006	

Year Item		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Notes and bonds issued under repurchase agreements		100,177,627	125,478,900	96,137,331	134,864,245	101,884,810	N/A
Commercial paper payable, net		20,549,392	14,985,902	12,634,684	11,564,804	21,214,240	
Payables		85,630,607	79,293,203	86,839,670	103,096,646	102,849,601	
Current tax liabilities		5,443,513	967,872	1,168,811	4,143,209	3,789,560	
Deposits and remittances		362,729,069	398,286,010	395,861,002	486,707,951	483,502,457	
Bonds payable		30,000,000	31,150,000	42,450,000	62,981,293	92,441,122	
Other borrowings		25,704,261	18,818,061	20,968,007	25,477,711	22,557,523	
Provisions		1,288,449,104	1,557,304,939	1,742,247,176	1,902,468,183	1,993,971,267	
Other financial liabilities		109,126,375	121,887,440	149,722,533	163,252,229	171,923,171	
Lease liabilities		—	—	5,615,681	4,454,005	4,455,216	
Deferred tax liabilities		9,391,454	7,275,275	12,933,858	15,311,370	9,007,624	
Other liabilities		21,501,190	28,582,681	45,614,232	59,384,100	79,208,406	
Total liabilities	Before distribution	2,143,300,252	2,494,251,922	2,730,822,850	3,101,992,388	3,165,529,196	
	After distribution	2,152,274,629	2,498,741,717	2,739,805,509	3,110,236,808	(Note 4)	
Equity attributable to owners of the parent							
Capital	Before distribution	149,768,196	149,633,560	149,684,080	149,732,712	190,858,209	
	After distribution	149,768,196	149,633,560	149,684,080	149,732,712	(Note 4)	
Capital surplus		1,173,719	1,630,992 (Note 3)	1,093,745	1,627,728	36,147,480	
Retained earnings	Before distribution	20,870,156	22,095,706	30,976,678	34,190,500	62,355,858	
	After distribution	11,895,779	18,429,040	21,994,019	25,946,080	(Note 4)	
Other equity		73,567	(10,522,131)	8,907,903	18,363,815	12,490,292	
Treasury shares		(4,205,566)	(3,605,444)	(3,137,278)	(1,178,647)	(9,071,501)	
Non-controlling interests		81,544,066	64,330,223	108,940,026	129,889,979	330,414	
Total equity	Before distribution	249,224,138	223,562,906	296,465,154	332,626,087	293,110,752	
	After distribution	240,249,761	219,073,111	287,482,495	324,381,667	(Note 4)	

Note 1: Financial statements of CDF in 2017 to 2021 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2022 have not been reviewed by CPA.

Note 3: The shareholder's meeting of CDF of 2019 resolved cash dividends \$823,129 from capital surplus.

Note 4: Distribution for earnings in 2021 has not yet been resolved by the shareholder's meeting.

6.1.2 Unconsolidated Condensed Balance Sheet

Unit: NTS 1,000

Year Item		Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Cash and cash equivalents		1,014,547	4,570,426	2,914,480	14,873,993	1,480,794	N/A
Financial assets at fair value through profit or loss		—	471,765	—	—	—	
Available-for-sale financial assets		1,344,910	—	—	—	—	
Receivables, net		4,689	50,567	49,216	1,568,478	322,683	
Current tax assets		1,234,121	1,881,337	2,013,945	2,612,264	4,092,327	
Investments accounted for using the equity method, net		200,445,118	185,756,820	214,485,554	223,898,679	358,433,669	
Other financial assets		300	500,300	300	300	300	
Right-of-use assets, net		—	—	6,285	22,160	1,106,233	
Property and equipment, net		21,488	28,054	45,078	57,526	213,532	
Other assets, net		29,946	33,988	37,747	70,357	90,789	
Total assets		204,095,119	193,293,257	219,552,605	243,103,757	365,740,327	
Commercial paper payable		9,899,365	9,898,975	3,849,741	5,449,715	15,799,059	
Payables		699,065	722,528	937,194	1,167,545	2,295,000	
Current tax liabilities		472,630	1,129,319	418,779	1,411,995	1,765,796	
Bonds payable		22,000,000	19,000,000	23,000,000	29,000,000	48,000,000	
Other borrowings		3,299,950	3,299,951	3,799,796	3,299,531	3,899,854	
Provisions		41,362	6,946	12,807	14,440	24,451	
Lease liabilities		—	—	6,555	21,770	1,168,038	
Other liabilities		2,675	2,855	2,605	2,653	7,791	
Total liabilities	Before distribution	36,415,047	34,060,574	32,027,477	40,367,649	72,959,989	
	After distribution	45,389,424	38,550,369	41,010,136	48,612,069	(Note 4)	
Capital	Before distribution	149,768,196	149,633,560	149,684,080	149,732,712	190,858,209	
	After distribution	149,768,196	149,633,560	149,684,080	149,732,712	(Note 4)	
Capital surplus		1,173,719	1,630,992 (Note 3)	1,093,745	1,627,728	36,147,480	
Retained earnings	Before distribution	20,870,156	22,095,706	30,976,678	34,190,500	62,355,858	
	After distribution	11,895,779	18,429,040	21,994,019	25,946,080	(Note 4)	
Other equity		73,567	(10,522,131)	8,907,903	18,363,815	12,490,292	
Treasury shares		(4,205,566)	(3,605,444)	(3,137,278)	(1,178,647)	(9,071,501)	
Total equity	Before distribution	167,680,072	159,232,683	187,525,128	202,736,108	292,780,338	
	After distribution	158,705,695	154,742,888	178,542,469	194,491,688	(Note 4)	

Note 1: Financial statements of CDF in 2017 to 2021 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2022 have not been reviewed by CPA.

Note 3: The shareholder's meeting of CDF of 2020 resolved cash dividends \$823,129 from capital surplus.

Note 4: Distribution for earnings in 2021 has not yet been resolved by the shareholder's meeting.

6.1.3 Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ 1,000

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Interest revenues	27,465,994	64,564,921	73,119,570	72,343,871	69,225,228	N/A
Interest expenses	(5,395,582)	(7,982,593)	(9,642,040)	(5,639,918)	(3,572,965)	
Interest profit, net	22,070,412	56,582,328	63,477,530	66,703,953	65,652,263	
Noninterest profits and gains, net	63,343,239	195,767,549	175,850,032	158,120,474	126,625,907	
Net revenues	85,413,651	252,349,877	239,327,562	224,824,427	192,278,170	
Reversal of allowance (allowance) for bad debts and losses on commitment and guarantees, net	(613,750)	(45,761)	(347,979)	(398,637)	(186,398)	
Net change in reserve for insurance liabilities	(48,277,392)	(213,695,965)	(191,941,972)	(174,464,035)	(104,875,754)	
Operating expenses	(22,002,711)	(25,166,272)	(25,471,804)	(28,013,362)	(35,016,319)	
Net profit before income tax from continuing operations	14,519,798	13,441,879	21,565,807	21,948,393	52,199,699	
Income tax expense	(2,154,331)	(627,239)	(1,911,986)	(1,272,107)	(5,100,224)	
Net profit from continuing operations	12,365,467	12,814,640	19,653,821	20,676,286	47,099,475	
Net income	12,365,467	12,814,640	19,653,821	20,676,286	47,099,475	
Other comprehensive income for the year, net of income tax	4,499,766	(35,062,270)	50,599,660	25,625,929	(32,944,620)	
Total comprehensive income for the year	16,865,233	(22,247,630)	70,253,481	46,302,215	14,154,855	
Net profit attributable to owners of parent	11,695,285	7,852,688	12,795,690	12,655,277	35,043,431	
Net profit attributable to non-controlling interests	670,182	4,961,952	6,858,131	8,021,009	12,056,044	
Total comprehensive income attributable to owners of parent	13,408,973	(4,995,817)	32,007,360	21,658,668	16,764,244	
Total comprehensive income attributable to non-controlling interests	3,456,260	(17,251,813)	38,246,121	24,643,547	(2,609,389)	
Earnings per share(In dollar)	0.80	0.54	0.88	0.87	2.34	

Note 1: Financial statements of CDF in 2017 to 2021 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2022 have not been reviewed by CPA.

6.1.4 Unconsolidated Condensed Statement of Comprehensive Income

Unit: NT\$ 1,000

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Share of the profit of subsidiaries, associates and joint ventures	12,687,096	9,353,789	14,177,282	14,727,565	37,966,527	N/A
Other revenues and gains	51,725	19,686	54,167	44,581	20,376	
Operating expenses	(1,026,932)	(993,269)	(1,200,044)	(1,329,390)	(2,581,831)	
Other expenses and losses	(338,275)	(547,105)	(411,211)	(384,293)	(484,281)	
Net profit before income tax from continuing operations	11,373,614	7,833,101	12,620,194	13,058,463	34,920,791	
Income tax benefit (expense)	321,671	19,587	175,496	(403,186)	122,640	
Net profit for the year	11,695,285	7,852,688	12,795,690	12,655,277	35,043,431	
Other comprehensive income for the year, net of income tax	1,713,688	(12,848,505)	19,211,670	9,003,391	(18,279,187)	
Total comprehensive income for the year	13,408,973	(4,995,817)	32,007,360	21,658,668	16,764,244	
Earnings per share(In dollar)	0.80	0.54	0.88	0.87	2.34	

Note 1: Financial statements of CDFin 2017 to 2020 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2022 have not been reviewed by CPA.

6.1.5 Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2021	Deloitte & Touche	Wu, Yi-Chun 、 Ke, Jr-Shian	Unqualified Opinion
2020	Deloitte & Touche	Wu, Mei-Hui 、 Lai, Kwan-Chung	Unqualified Opinion
2019	Deloitte & Touche	Wu, Mei-Hui 、 Lai, Kwan-Chung	Unqualified Opinion
2018	Deloitte & Touche	Wu, Mei-Hui 、 Kuo, Cheng-Hung	Unqualified Opinion
2017	Deloitte & Touche	Wu, Mei-Hui 、 Kuo, Cheng-Hung	Unqualified Opinion

6.2 Five-Year Financial Analysis

Consolidated Financial Analysis

Unit: NT\$ 1,000; %

Year Item			Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note 3)
			2017	2018	2019	2020	2021	
Operating ratio	Total assets turnover (Times)		0.05	0.10	0.08	0.07	0.06	N/A
	Ratio of loans to deposits (KGI Bank)		79.07	80.69	82.41	74.03	75.36	
	NPL ratio (KGI Bank)		0.21	0.17	0.17	0.16	0.13	
	Average revenue per employee		6,842	19,898	19,137	17,536	14,570	
	Average net income per employee		991	1,010	1,572	1,613	3,569	
Profitabilit y ratio	Ratio of return on total assets(%)		0.75	0.50	0.68	0.64	1.37	
	Ratio of return on equity(%)		5.94	5.35	7.56	6.57	15.05	
	Profit margin ratio (%)		14.48	5.08	8.21	9.20	24.50	
	Basic Earnings per share(in dollar)		0.80	0.54	0.88	0.87	2.34	
Financial structure (%)	Ratio of debt to assets		89.58	91.77	90.21	90.32	91.53	
	Ratio of debt to net worth		859.99	1,115.68	921.13	932.58	1,079.98	
	Double Leverage Ratio of Financial Holding Company		120.34	116.95	114.38	110.44	122.42	
	According to Article 41 of Financial Holding Company Act		(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
Leverage ratio	Operating leverage ratio		4.49	17.08	10.07	9.12	3.08	
	Financial leverage ratio of Financial Holding Company		1.03	1.05	1.03	1.03	1.01	
Ratio of growing	Ratio of assets growing		168.16	13.26	11.39	13.46	0.70	
	Ratio of income growing		104.19	(7.42)	60.44	1.77	137.83	
Cash flow	Cash flow ratio		20.94	35.95	38.97	43.37	21.50	
	Cash flow adequacy ratio		1.10	17.47	26.18	32.62	32.10	
	Cash flow content ratio		249.82	102.82	145.34	108.69	898.05	
Operating Scale	Market share of assets		4.56	4.85	5.04	5.21	4.87	
	Market share of equity		6.70	6.06	6.67	6.78	5.59	
	Market share of deposit(KGI Bank)		0.94	1.05	0.99	1.10	1.00	
	Market share of loans(KGI Bank)		1.03	1.12	1.09	1.14	1.06	
Capital Adequacy Ratio	Subsidiaries' Capital Adequacy Ratio calculated by regulation	KGI Bank	14.18	13.39	15.38	14.81	14.96	
		KGI Securities	295	327	336	282	372	
		China Life Insurance	350	272	305	288	325	
	Qualified capital of subsidiaries	KGI Bank	57,719,776	63,912,516	73,132,603	77,141,605	73,788,281	
		KGI Securities	18,167,949	19,780,482	23,161,337	25,496,473	34,523,682	
		CDIB Capital Group	52,975,226	47,686,090	42,672,343	34,769,285	35,184,954	
		AMC	2,421,554	2,358,918	2,597,981	1,457,440	1,428,078	
		China Life Insurance	28,422,520	28,048,402	37,487,589	45,359,178	169,346,424	

Item		Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note 3)
			2017	2018	2019	2020	2021	
Net Group qualified capital			110,250,824	119,768,805	136,906,856	157,175,470	238,865,618	N/A
Legal requirement of subsidiaries' capital	KGI Bank		37,661,494	47,125,976	49,915,933	54,698,422	51,784,933	
	KGI Securities		9,237,377	9,081,894	10,346,016	13,542,980	13,931,846	
	CDIB Capital Group		27,081,901	24,636,062	22,121,983	18,892,734	18,803,631	
	AMC		1,627,981	1,595,846	1,401,765	842,791	910,094	
	China Life Insurance		16,262,902	20,653,219	24,587,139	31,525,054	104,176,048	
Legal requirement of group capital			293,713,849	289,929,125	322,984,021	345,090,741	549,745,595	
Group Capital Adequacy Ratio			118.21	114.97	126.18	129.69	124.86	
Endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law	The same Customer		249.75	331.78	879.60	896.08	580.74	
	The same Group		71.27	206.23	493.70	520.60	553.87	
Reasons for changes in financial ratios in the recent 2 years:								
1. The increase of average net income per employee, ratio of debt to assets, ratio of return on equity, profit margin ratio and basic earnings per share were mainly due to the increase of net profit of 2021.								
2. The decrease of operating leverage ratio and the increase of ratio of income growing were mainly due to the increase of profit before income tax of 2021.								
3. The decrease of ratio of assets growing was mainly due to the decrease of asset growth of 2021.								
4. The decrease of cash flow ratio was mainly due to the decrease of net cash flows from operating activities of 2021.								
5. The increase of cash flow content ratio was mainly due to the decrease of net cash flows from investing activities of 2021.								

Note 1: Financial statements of CDFin 2017 to 2021 were audited.

Note 2: None.

Note 3: As of the publication date, the financial statements of the first quarter of 2022 have not been reviewed by CPA.

Note 4: Below are the formulas used in various financial analyses:

1. Operating ratio

- (1) Total assets turnover = Net income / Average assets
- (2) Ratio of loans to deposits = Total loans / Total deposits
- (3) NPL ratio = Nonperforming loans / Total loans
- (4) Average revenue per employee = Net revenues / employee
- (5) Average net income per employee = Net income / employee

2. Profitability ratio

- (1) Ratio of return on total assets = Income after income tax / Average assets
- (2) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity
- (3) Profit margin ratio = Income after income tax / Net revenues
- (4) Basic earnings per share = (Income and loss attributable to owners of the company - Dividends for preferred stocks) / Average issued shares (Note 5)

3. Financial structure

- (1) Ratio of debt to assets = Total liabilities / Total assets
- (2) Ratio of debt to net worth = Total liabilities / Total stockholders'equity
- (3) Double Leverage Ratio of Financial Holding Company = Equity investments specified under Articles 36, Paragraph 2, and 37 of the Financial Holding Company Act / Total stockholders'equity.

4. Leverage ratio

- (1) Operating leverage ratio = (Net revenues - Variable expenses) / Income before income tax
- (2) Financial leverage ratio of Financial Holding Company = (Income before income tax + interest expenses) / Income before income tax

5. Ratio of growing

- (1) Ratio of assets growing = (Total assets - Last year total assets) / Last year total assets

(2) Ratio of income growing = (income before income tax - Last year income before income tax) / Last year income before income tax

6. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased issued + Current portion of Payables)

(2) Cash flow adequacy ratio = Net cash provided by operating activities(for the last five year) / for the last five year (capital expenditure + Cash dividends) 。

(3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities

7. Operating Scale

(1) Market share of assets = Total assets / Total assets of all Financial Holding Co., Ltd.

(2) Market share of equity = Total stockholders' equity / Total stockholders' equity of all Financial Holding Co., Ltd.

(3) Market share of deposit (bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business

(4) Market share of assets loans (bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business

8. Capital adequacy Ratio

(1) Net Group qualified capital = Qualified requirement of Financial Holding Company Law + (Shares hold in ratio of Financial Holding Company Law × Qualified capital of subsidiaries) - Deduction

(2) Legal requirement of subsidiaries' capital = Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law × Legal requirement of subsidiaries

(3) Group Capital Adequacy Ratio = Net Group qualified capital ÷ Legal requirement of group capital.

Note 5 : Calculations of earnings per share must take into account the following:

1. Use weighted average outstanding ordinary shares instead of year-end outstanding shares
2. Effects of cash issues or treasury stocks, by weighing the number of outstanding shares against the length of time they were in circulation.
3. If any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share must be adjusted retrospectively, regardless of when the additional shares were issued.
4. If preferred shares were cumulative and non-convertible in nature, all current year dividends (whether distributed or not) must be deducted from after-tax profit, or added to after-tax loss. If preferred shares were non-cumulative, then preferred share dividends must be deducted from after-tax profit, but no adjustment is required for after-tax loss

6.3 Audit Committee's Report for the Most Recent Year

China Development Financial Holding Corporation Audit Committees' Review Report

The Board of Directors has prepared this Company's 2021 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by CPAs Yi-Chun Wu and Jr-Shian Ke of Deloitte who have submitted an audited report. The above statements and reports have been examined by the Audit Committee and no irregularities were found. We hereby report as above, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2022 Annual General Meeting of the Shareholders

Audit Committee

Convener Hsiou-Wei, Lin

Date: April 25, 2022

6.4 Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Development Financial Holding Corporation (the Corporation) and subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

Estimated Impairment of Discounts and Loans

The management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; and, under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. The estimation of impairment requires the use of critical judgments and estimates and impairment has significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the year ended December 31, 2021.

Refer to Notes 4 (8) , 5 and 54 for the significant accounting policies, critical judgment, estimation uncertainty and related disclosure of the impairment of discounts and loans.

Our key audit procedures performed in respect of the above matter included the following:

We understood the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We evaluated that the methodology, assumptions and parameters adopted in the impairment model conform to IFRS 9 and had appropriately reflected the actual situation of the discounts and loans. We selected samples of discounts and loans and evaluated the reasonableness of recognized impairment.

Assessment of Insurance Liabilities and Liability Adequacy Reserve

As stated in Note 5, management uses actuarial models and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance Co., Ltd. (China Life Insurance). The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on a reasonable estimate of future insurance payments, premium income and related expenses. Since any change in the actuarial model and material assumptions will have a significant influence on insurance liabilities and liability adequacy reserve, we consider them as key audit matters for the year ended December 31, 2021.

Refer to Notes 4 (17) , 5 and 53 for the relevant accounting policy, critical accounting judgments, and estimation uncertainty, and disclosures of assessment of insurance liabilities and liability adequacy reserve.

We understood and assessed China Life Insurance's internal controls related to insurance liabilities and liability adequacy reserve. We requested and our internal actuarial specialists assisted us in performing our audit procedures regarding insurance liability including the evaluation of the rationale of relevant assumptions and actuarial models adopted by management. As for the liability adequacy reserve, we assessed the reasonableness of the underlying assumptions and outcomes.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

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

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 167,862,826	5	\$ 121,169,093	4
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 49)	48,914,268	1	31,864,661	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 9, 18, 48 and 49)	554,548,173	16	543,495,816	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 49 and 54)	507,374,321	15	712,962,077	21
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 11, 18, 48 and 54)	1,220,278,781	35	1,064,332,087	31
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 12)	259,267	-	102,479	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 13)	28,315,799	1	50,409,959	1
RECEIVABLES, NET (Notes 4, 14, 48, 49 and 54)	130,448,138	4	138,547,338	4
CURRENT TAX ASSETS (Note 4)	123,419	-	705,864	-
DISCOUNTS AND LOANS, NET (Notes 4, 15, 48 and 54)	407,601,578	12	408,444,192	12
REINSURANCE ASSETS, NET (Notes 4 and 16)	891,059	-	740,256	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 17 and 18)	20,227,991	1	15,175,924	-
OTHER FINANCIAL ASSETS (Notes 19, 48 and 49)	154,951,789	4	141,118,874	4
INVESTMENT PROPERTY, NET (Notes 4, 20 and 49)	35,299,898	1	29,953,756	1
PROPERTY AND EQUIPMENT, NET (Notes 4, 21 and 49)	34,051,875	1	35,343,870	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 22)	12,590,590	-	14,049,764	-
INTANGIBLE ASSETS, NET (Note 23)	18,742,494	1	19,537,371	1
DEFERRED TAX ASSETS (Notes 4 and 44)	14,003,281	-	12,399,965	-
OTHER ASSETS, NET (Notes 24 and 48)	102,154,401	3	94,265,129	3
TOTAL	\$ 3,458,639,948	100	\$ 3,434,618,475	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and financial institutions (Notes 25 and 48)	\$ 20,823,546	-	\$ 11,426,738	-
Funds from the Central Bank and financial institutions	129,490	-	76,030	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 48)	57,698,157	2	116,142,567	3
Financial liabilities for hedging (Notes 4 and 12)	73,006	-	641,307	-
Notes and bonds issued under repurchase agreements (Notes 4, 8, 10, 11 and 26)	101,884,810	3	134,864,245	4
Commercial paper payable, net (Notes 27 and 49)	21,214,240	1	11,564,804	-
Payables (Notes 28 and 48)	102,849,601	3	103,096,646	3
Current tax liabilities (Note 4)	3,789,560	-	4,143,209	-
Deposits and remittances (Notes 29 and 48)	483,502,457	14	486,707,951	14
Bonds payable (Note 30)	92,441,122	3	62,981,293	2
Other borrowings (Notes 31 and 49)	22,557,523	1	25,477,711	1
Provisions (Notes 4 and 32)	1,993,971,267	58	1,902,468,183	55
Other financial liabilities (Note 34)	171,923,171	5	163,252,229	5
Lease liabilities (Note 22)	4,455,216	-	4,454,005	-
Deferred tax liabilities (Notes 4 and 44)	9,007,624	-	15,311,370	1
Other liabilities (Note 48)	79,208,406	2	59,384,100	2
Total liabilities	3,165,529,196	92	3,101,992,388	90
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35, 36 and 37)				
Capital				
Common stock	171,896,598	5	149,729,414	4
Preferred stock	18,930,436	-	-	-
Advance receipts for capital stock	31,175	-	3,298	-
Capital surplus	36,147,480	1	1,627,728	-
Retained earnings				
Legal reserve	10,035,815	-	8,816,167	-
Special reserve	298,120	-	565,041	-
Unappropriated earnings	52,021,923	2	24,809,292	1
Other equity	12,490,292	-	18,363,815	1
Treasury shares	(9,071,501)	-	(1,178,647)	-
Total equity attributable to owners of the parent	292,780,338	8	202,736,108	6
NON-CONTROLLING INTERESTS (Notes 35 and 36)	330,414	-	129,889,979	4
Total equity	293,110,752	8	332,626,087	10
TOTAL	\$ 3,458,639,948	100	\$ 3,434,618,475	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 38 and 48)	\$ 69,225,228	36	\$ 72,343,871	32	(4)
INTEREST EXPENSE (Notes 38 and 48)	<u>(3,572,965)</u>	<u>(2)</u>	<u>(5,639,918)</u>	<u>(2)</u>	(37)
INTEREST PROFIT, NET	<u>65,652,263</u>	<u>34</u>	<u>66,703,953</u>	<u>30</u>	(2)
NONINTEREST PROFITS AND GAINS, NET					
Service fee and commission, net (Notes 19, 39 and 48)	5,990,728	3	2,860,816	1	109
Net income from insurance operations (Notes 40 and 48)	65,550,089	34	132,742,272	59	(51)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 41 and 48)	49,617,253	26	49,725,270	22	-
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 42)	18,570,778	10	9,864,231	4	88
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	4,210,914	2	(313,090)	-	1,445
Foreign exchange gain (loss), net	(29,644,909)	(15)	(40,901,014)	(18)	(28)
Impairment loss on assets, net	(596,975)	-	17,668	-	(3,479)
Share of the profit (loss) of associates and joint ventures	910,463	-	(160,801)	-	666
Gain (loss) on reclassification using the overlay approach (Note 8)	(1,608,063)	(1)	910,761	-	(277)
Net gain (loss) on disposal of property	8,377,876	4	458	-	1,829,131
Other miscellaneous net income (loss) (Notes 48 and 50)	<u>5,247,753</u>	<u>3</u>	<u>3,373,903</u>	<u>2</u>	56
Total noninterest profits and gains, net	<u>126,625,907</u>	<u>66</u>	<u>158,120,474</u>	<u>70</u>	(20)
TOTAL NET REVENUE	<u>192,278,170</u>	<u>100</u>	<u>224,824,427</u>	<u>100</u>	(14)

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
ALLOWANCE FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	\$ (186,398)	-	\$ (398,637)	-	(53)
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(104,875,754)	(55)	(174,464,035)	(78)	(40)
OPERATING EXPENSES (Notes 22, 33, 43 and 48)					
Employee benefits	(22,255,924)	(11)	(17,553,584)	(8)	27
Depreciation and amortization	(3,631,430)	(2)	(3,454,115)	(1)	5
Other general and administrative expenses	(9,128,965)	(5)	(7,005,663)	(3)	30
Total operating expenses	(35,016,319)	(18)	(28,013,362)	(12)	25
NET PROFIT BEFORE INCOME TAX	52,199,699	27	21,948,393	10	138
INCOME TAX EXPENSE (Note 44)	(5,100,224)	(3)	(1,272,107)	(1)	301
NET PROFIT FOR THE YEAR	47,099,475	24	20,676,286	9	128
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	(312,013)	-	(280,384)	-	11
Share of the other comprehensive income (loss) of associates and joint ventures	132,225	-	(266,320)	-	150
Gain (loss) on equity instruments measured at fair value through other comprehensive income	1,766,371	1	9,521,220	4	(81)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 44)	789,341	-	(722,307)	-	209

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	\$ (1,099,473)	(1)	\$ (1,719,022)	(1)	(36)
Share of the other comprehensive income (loss) of associates and joint ventures	(162,854)	-	(334,378)	-	(51)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	6,626,229	4	(2,897,807)	(1)	329
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(42,292,509)	(22)	23,235,688	10	(282)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	<u>1,608,063</u>	<u>1</u>	<u>(910,761)</u>	<u>-</u>	277
Other comprehensive income (loss) for the year, net of income tax	<u>(32,944,620)</u>	<u>(17)</u>	<u>25,625,929</u>	<u>12</u>	(229)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 14,154,855</u>	<u>7</u>	<u>\$ 46,302,215</u>	<u>21</u>	(69)
NET PROFIT ATTRIBUTABLE TO:					
Owners of parent	\$ 35,043,431	18	\$ 12,655,277	6	177
Non-controlling interests	<u>12,056,044</u>	<u>6</u>	<u>8,021,009</u>	<u>3</u>	50
	<u>\$ 47,099,475</u>	<u>24</u>	<u>\$ 20,676,286</u>	<u>9</u>	128
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of parent	\$ 16,764,244	9	\$ 21,658,668	10	(23)
Non-controlling interests	<u>(2,609,389)</u>	<u>(2)</u>	<u>24,643,547</u>	<u>11</u>	(111)
	<u>\$ 14,154,855</u>	<u>7</u>	<u>\$ 46,302,215</u>	<u>21</u>	(69)

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
EARNINGS PER SHARE (Note 45)					
Basic	<u>\$2.34</u>		<u>\$0.87</u>		
Diluted	<u>\$2.34</u>		<u>\$0.87</u>		

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, AND 2020
(in Thousands of New Taiwan Dollars, Except for Share Amount)

	Equity Attributable to Owners of the Parent												
	Retained Earnings							Other Equity					
	Common Stock	Preferred Stock	Capital	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income, Reclassified Using the Overlay Approach	Treasury Shares	Total Equity Attributable to Owners of the Parent
										</			

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 52,199,699	\$ 21,948,393
Adjustments for reconciliation with net profit		
Depreciation expenses	2,332,632	2,116,730
Amortization expenses	1,301,380	1,340,407
Allowance for bad debts and losses on commitments and guarantees, net	186,398	398,637
Gain on financial assets and liabilities measured at fair value through profit or loss, net	(38,426,941)	(38,459,376)
Interest expense	3,573,057	5,640,018
Interest revenue	(69,225,228)	(72,343,871)
Dividend income	(13,042,130)	(12,500,196)
Net changes in insurance liabilities	91,874,878	158,414,609
Net changes in reserve for changes in foreign exchange valuation	(671,883)	1,655,968
Share of loss (profit) of associates and joint ventures	(908,896)	168,276
Loss (gain) on reclassification using the overlay approach	1,608,063	(910,761)
Loss (gain) on disposal of property and equipment	(8,349,848)	331
Gain on disposal of investments	(20,105,772)	(6,543,446)
Unrealized loss (gain) on foreign currency exchange	36,772,309	40,180,375
Others	582,580	(16,678)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(1,872,256)	(1,999,257)
Financial assets at fair value through profit or loss	1,192,810	44,701,310
Financial assets at fair value through other comprehensive income	2,217,306	(68,157,014)
Debt investments measured at amortized cost	(1,542,292)	(415,801)
Receivables	6,755,545	(31,086,684)
Discounts and loans	895,313	(32,228,971)
Other financial assets	3,455,202	(14,495,375)
Other assets	(7,716,779)	(33,484,858)
Deposits from the Central Bank and financial institutions	9,396,808	(11,538,522)
Financial liabilities at fair value through profit or loss	(34,478,657)	(38,221,773)
Notes and bonds issued under repurchase agreements	(32,979,435)	38,726,914
Payables	19,860,399	11,386,783
Deposits and remittances	(3,205,494)	90,846,949
Other financial liabilities	(7,463,566)	6,925,797
Other liabilities	(152,074)	19,482,337
Cash generated from (used in) operations	<u>(5,936,872)</u>	<u>81,531,251</u>
Interest received	67,319,059	80,472,556
Dividends received	12,405,024	12,223,292
Interest paid	(3,062,579)	(8,649,289)
Income tax paid	<u>(5,240,326)</u>	<u>(1,991,904)</u>
Net cash generated from operating activities	<u>65,484,306</u>	<u>163,585,906</u>
		(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (25,759,566)	\$(172,973,517)
Proceeds from sale of financial assets at fair value through other comprehensive income	193,484,526	100,512,107
Acquisition of financial assets measured at amortized cost	(302,911,707)	(305,944,643)
Proceeds from sale of financial assets measured at amortized cost	104,681,027	185,798,127
Principal from financial assets measured at amortized cost	25,601,205	44,354,875
Acquisition of financial assets at fair value through profit or loss	(2,224,321)	(333,555)
Acquisition of investments accounted for using equity method	(5,103,416)	(131,271)
Acquisition of property and equipment	(1,872,123)	(3,244,575)
Proceeds from sale of property and equipment	9,338,281	63,148
Acquisition of investment properties	(3,401,003)	(12,439)
Others	<u>875,269</u>	<u>1,403,312</u>
Net cash used in investing activities	<u>(7,291,828)</u>	<u>(150,508,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(2,640,889)	2,674,632
Increase in funds from the central bank and financial institutions	53,460	76,030
Increase (decrease) in commercial paper payable	9,649,436	(1,069,880)
Proceeds from corporate bonds	24,570,000	23,430,000
Repayments of corporate bonds	-	(12,800,000)
Proceeds from bank debentures	5,000,000	10,800,000
Repayments of bank debentures	-	(1,000,000)
Proceeds from long-term borrowings	300,323	739,719
Repayments of long-term borrowings	(579,622)	(500,265)
Repayments of the principal portion of lease liabilities	(949,750)	(968,526)
Cash dividends paid	(8,244,420)	(8,761,068)
Sale of treasury shares	3,765,786	3,441,629
Acquisition of ownership interests in subsidiaries	(48,524,164)	-
Net changes in non-controlling interests	(846,724)	(4,767,736)
Others	<u>239,197</u>	<u>34,727</u>
Net cash (used in) generated from financing activities	<u>(18,207,367)</u>	<u>11,329,262</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(263,213)</u>	<u>(277,121)</u>
		(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 39,721,898	\$ 24,129,616
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>190,342,413</u>	<u>166,212,797</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 230,064,311</u>	<u>\$ 190,342,413</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2021 and 2020:

	December 31	
	2021	2020
Cash and cash equivalents in consolidated balance sheets	\$ 167,862,826	\$ 121,169,093
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	33,940,712	18,763,361
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>28,260,773</u>	<u>50,409,959</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 230,064,311</u>	<u>\$ 109,342,413</u>

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Development Financial Holding Corporation (the Corporation) was established by CDIB Capital Group (formerly China Development Industrial Bank) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB Capital Group became a wholly owned subsidiary of the Corporation after the share swap.

The Corporation acquired First Taiwan Securities Corporation (First Taiwan) and Grand Cathay Securities Corporation (Grand Cathay) through a share swap on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

On April 30, 2012, the Corporation's board of the directors approved the acquisition of 100% shares of KGI Securities Co., Ltd. (KGI Securities) through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares during the public tender offer period. The Corporation acquired KGI Securities' remaining shares through a share swap and completed on January 18, 2013. Thus, KGI Securities is a 100% subsidiary of the Corporation. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On September 15, 2014, the Corporation acquired KGI Bank Co., Ltd. (KGI Bank) through a share swap. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

On March 13, 2017, the Corporation hold 100% equity interests of China Development Asset Management Corporation, which was previously held by CDIB Capital Group. China Development Asset Management Corporation has merged with its subsidiaries, including Development Industrial Bank Asset Management Corp., Chung Hwa Growth 3 Asset Management Corp. and Chung Hwa Growth 4 Asset Management Corp. on July 1, 2019. Chung Hwa Growth 3 Asset Management Corp. was the surviving company after the merger and was renamed as China Development Asset Management Corporation on the same day.

On August 15, 2017, the Corporation's board of directors approved the acquisition of 25.33% shares of China Life Insurance. After the Corporation acquired ordinary shares through public tender offer, China Life Insurance became a subsidiary of the Corporation as defined by the Financial Holding Company Act. On March 25, 2019, the Corporation's board of directors approved to apply for the participation of capital increase by cash of China Life Insurance. After the Corporation acquired ordinary shares, the Corporation held 26.17% of the ordinary shares of China Life Insurance. On November 27, 2020, the Corporation's board of directors approved the acquisition of 21.13% shares of China Life Insurance through public tender offer. After the Corporation acquired ordinary shares through public tender offer, the Corporation held 47.30% of the ordinary shares of China Life Insurance. On October 1, 2021, the Corporation's extraordinary general shareholders meeting approved the acquisition of 52.70% shares of China Life Insurance (including 8.65% share of China Life Insurance held by a subsidiary, KGI Securities) through a share swap. The Corporation in exchange for China Life Insurance shares at a share swap ratio of 1 China Life Insurance common share being in exchange for 0.80 the Corporation's common shares, 0.73 the Corporation's preferred shares and NT\$11.5. On December 30, 2021, the Corporation acquired China Life Insurance through a share swap. Thus, China Life Insurance became the Corporation's wholly owned subsidiary.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Corporation Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval.

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

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and CDIB Capital Group will continue to expand its assets management business. The Financial Supervisory Commission (FSC) approved the conversion on March 10, 2017 with Official Letter No. 10600025880.

CDIB Capital Group's main operations included securities investment, investment financial related business, venture capital and other activities approved by the authorities.

KGI Securities was established on September 14, 1988. It merged with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of December 31, 2021, KGI Securities had 74 branches, which included head office.

KGI Securities operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992. As of December 31, 2021, KGI Bank had an international banking department, a trust department, insurance department, various business departments, an offshore banking unit (OBU), and 51 domestic branches.

KGI Bank engages in banking operations are regulated under the banking Act.

China Development Asset Management Corporation (formerly Chung Hwa Growth 3 Asset Management Corp.) was established on November 5, 2003, and its operation includes acquiring, valuation, auction and management of debts from financial institution, acquiring of accounts receivable, management of overdue accounts receivable, and leasing and investment of real estate.

China Life Insurance was incorporated in Taiwan on April 25, 1963. In 2009, China Life Insurance completed the acquisition of major assets and liabilities of Prudential Corporation Asia Life Taiwan. As of December 31, 2021, China Life Insurance had a head office, an offshore insurance unit, and 8 domestic branches.

On October 19, 2017, China Life Insurance's board of directors approved the acquisition of the following from Allianz Taiwan Life Insurance Co., Ltd.: A portion of the traditional insurance policies and additional attachments valued at NT\$1 dollar. This acquisition has been approved by the FSC on February 27, 2018, and then the delivery was completed on May 18, 2018.

China Life Insurance is mainly engaged in the business of life insurance, offshore life insurance paid and received for foreign currency and other insurance-related businesses approved by competent authorities.

For more information on the organization and business of the consolidated entities, please refer to Table 10 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on March 14, 2022.

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

- a. Initial application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRSs) did not have any material impact on the Group's accounting policies, except for the following:

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

For the hedging relationships that are subject to the reform, the Group applies the following temporary exceptions:

- 1) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.
- 2) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.
- 3) The Group allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

Initial application of the aforementioned amendments does not have material impact on the Group's assets, liabilities and equity on January 1, 2021. Please refer to Note 54 for the information regarding interest rate benchmark reform.

Amendments to IFRS 16 "Covid-19 - Related Rent Concessions beyond June 30, 2021"

The Group elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Please refer to Note 4 for the relevant accounting policies of the practical expedient.

The Group applied the amendment from January 1, 2021.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group and subsidiaries assessed the possible impact that the application of the standards mentioned above and interpretations will have no material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

2) IFRS 17 “Insurance Contract” and its amendments

IFRS 17 establishes the principle for the accounting treatment of insurance contracts and supersedes IFRS 4 “Insurance Contract”. The principle is as follows:

Level of aggregation

An entity shall identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a particular product line, such as motor policies, are expected to have similar risks, and if they are managed together would be in the same portfolio. For all issued insurance contracts in a portfolio, any entity shall divide it into:

- a) A group of contracts that are onerous at initial recognition, if any;
- b) A group of contracts that at initial recognition have no significant risk of becoming onerous, if any, and
- c) A group of the remaining contracts in the portfolio, if any.

An entity is permitted to divide portfolios into more groups than required above. However, groups cannot include contracts issued more than one year apart.

Recognition

An entity shall recognize a group of insurance contracts it issues from the earliest of:

- a) The beginning of the coverage period of a group of insurance contracts;
- b) The date when the first payment from a policyholder of the group becomes due; and
- c) When the Group becomes onerous.

Measurement

On initial recognition, an entity shall measure a group of contracts at the total of the amount of fulfilment cash flows (“FCF”) and the contractual service margin (“CSM”). FCF comprises the estimate of future cash flow, an adjustment to reflect the time value of money and the financial risks associated with the future cash flows and risk adjustment for non-financial risk. The CSM represents the unearned profit the entity will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the Group of contracts is onerous, results in no income or expenses arising from:

- a) The initial recognition of an amount for the FCF;
- b) The cash inflows and outflows arising from the contracts in the Group at that date; and
- c) The derecognition at that date of below items for acquisition cash flows
 - i. Any asset recognized for acquisition cash flows; and
 - ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before.

Subsequent measurement

At the end of each subsequent reporting period, the carrying amount of a group of insurance contracts is remeasured to be the sum of the liability for remaining coverage and the liability for incurred claims, both determined as at that date. The liability for remaining coverage comprises the fulfilment cash flows related to the allocated future service and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to the allocated past service. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group recognizes loss immediately.

Onerous contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Group being equal to the FCF and the CSM of the Group being zero. The CSM cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense.

Premium allocation approach

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the premium allocation approach (PAA) on the condition that:

- a) The entity reasonably expects that this will be an approximation of General Model; or
- b) The coverage period of each contract in the group is one year or less.

If at the inception of the Group, an entity expects significant variance in the FCF during the period before a claim is incurred, such contracts are not eligible to condition (a).

Using the PAA, the liability for remaining coverage shall be:

- a) Initially recognized at the premiums

- b) Received at initial recognition, minus any insurance acquisition cash flows if any; and
- c) The derecognition at that date of below items for acquisition cash flows
 - i. Any asset recognized for acquisition cash flows; and
 - ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before

Investment contracts with a discretionary participation feature

An investment contract with a discretionary participation feature (DPF) is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of IFRS 17 only if the issuer also issues insurance contracts.

Modification and derecognition

If the terms of an insurance contract are modified, an entity shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

An entity shall de-recognize an insurance contract when it is extinguished or substantially modified.

Transition

An entity shall apply IFRS 17 retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. Fair value approach shall be used if the information is not reasonable and supportable information.

Under the fair value approach, an entity determines the CSM at the transition date as the difference between the fair value of a group of insurance contracts at that date and the FCF measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which applied IFRS 9 may redesignate and reclassify financial assets that meet the requirements of paragraph C29 of IFRS 17. The entity is not required to restate comparative information to reflect changes due to the reclassification of these assets, so the difference between the previous carrying amount of these financial assets and their carrying amount at the date of initial application is recognized in the initial retained earnings (or other equity as appropriate) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of IFRS 9 for these affected financial assets.

In addition, for enterprises that have applied IFRS 9 before the initial application of IFRS 17, for financial assets that have been delisted in the comparative period on the date of initial application of IFRS 17, the enterprise could choose to apply the classification overlay method on the basis of individual financial assets. requirements as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

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

All the consolidated accounts in the financial statements were categorized according to the nature of each account and sequenced by their liquidity rather than classified as current or noncurrent assets/liabilities.

Principles for Preparing Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Group. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

The accounting policies of the subsidiary are applied consistently with the Corporation.

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

As of December 31, 2021 and 2020, the consolidated entities included in the consolidated financial statements included 59 and 57 companies, respectively (please refer to the attached Table 10).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis.

According to the Official Letter No. 10302153881 issued by the FSC on February 10, 2015, the insurance enterprises recognizes the increase in retained earnings arising from bargain purchase gain due to mergers and acquisitions, and should provide the same amount of special surplus reserve. The special surplus reserve can cover the losses after one full years since the recognition date. When the value of the assets under evaluation of the merger is similar to that at the time of merger and acquisition, and there is no unanticipated significant impairment, then it would be transferred to paid-in capital.

Foreign Currencies

The Group recognizes at the rates of exchange prevailing at the dates of the transactions.

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are recognized in other comprehensive income (attributed to the shareholders of the parent company and non-controlling interests as appropriate).

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

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

Cash Equivalents

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

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group uses the equity method to account for its investments in associates and joint ventures

The Group uses the equity method to account for their investments in associates and joint ventures. Subsidiaries in the Group with venture capital can choose to measure investments in associates and joint ventures by equity method or by fair value through profit or loss.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures.

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

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

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

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

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

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

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

Financial Instruments

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

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

Financial assets and liabilities

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

a. Measurement category

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

1) Financial assets or liabilities at FVTPL

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

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 52.

2) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Margin loans and stock loans

“Receivable amount for margin loans” is the margin loans extended to the customers to buy securities. The securities bought by the customers are held as pledges on the loan provided, and these securities are recorded as “securities deposited by customers” using memo entries.

The securities refinance customer loans from securities finance companies, and the related amount is recorded as “refinancing borrowings” and is pledged with the underlying securities bought by the customers.

The subsidiaries of the Corporation provide financing to customers for the short sale of pledged securities from margin loans or short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by the subsidiaries and recorded as “deposit payable for securities financing.” In addition, the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, ROC requires that customers should make a guarantee deposit to the subsidiaries or provide securities in lieu of cash deposit, which are recorded as “securities financing guarantee deposit.”

c. Guarantee deposits received on futures contracts and customers’ equity accounts - futures

Margin deposits received from clients are debited to “guarantee deposits received on futures contracts” and credited to “customers’ equity accounts - futures” for futures transactions as required by the regulations. Margin deposit balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels. The debit balance of “customers’ equity accounts - futures” which results from losses on futures transactions in excess of the margin deposit, is recorded as “accounts receivable - futures guarantee deposits.” Customer’s equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

d. Impairment of financial assets

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

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

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

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

Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers’/clients’ financial condition and delinquency record on interest payments.

These assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging In Credit Card Business. The minimum allowance for credit assets on or off balance sheet is equal to the book value of the above listed.

Based on the Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage toward collateral and exposures in Mainland China, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets before 2016. Based on the Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control of the exposure to the risk in Mainland China, the minimum provision for the credit loss reserve is 1.5% of the credit include short-term trade finance that were granted to companies based in Mainland China before 2015 and classified as normal assets.

Credit deemed uncollectable may be written off under the approval of the board of directors.

In accordance with the regulation of “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”, China Life Insurance is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

- 1) Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated.
- 2) 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.
- 3) Total unsecured portion of loans overdue and receivable on demand.
- 4) If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts. If the authorities in order to increase the ability to bear the loss of specific loan asset and demand the Group to increase the allowance for bad debts of specific loan assets according to the criteria and time limit specified by them, the Group shall cooperate with it.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Corporation to raise loan loss provision for specific loan assets in specified criteria and deadlines.

e. Derecognition of financial assets

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

f. Equity instruments

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

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

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

g. Derivative financial instruments

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

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

h. Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

i. Adoption of overlay approach on financial assets

China Life Insurance chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 "Insurance Contract" since the application of IFRS 9. To those designated financial assets, the Corporation classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

- 1) The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and

- 2) The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

- 1) In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Corporation applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and
- 2) The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 “Insurance Contract”.

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

- 1) The asset is accounted for on initial recognition; or
- 2) The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract” but previously did not.

China Life Insurance shall continuously adopt overlay approach to those designated financial assets until derecognition. However, China Life Insurance shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract”. In addition, at the beginning date of any annual reporting year, the Corporation is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

Hedge Accounting

The Group designate certain hedging instruments as fair value hedges.

At the start of a hedge relationship, the Group document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Group document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 12 sets out the details of the fair value of the derivative instruments used for hedging purposes.

Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

Securities Purchased and Sold Under Resell and Repurchase Agreements

For securities purchased under resell agreements, the payment to a counter-party is treated as a financing transaction. For securities sold under repurchase agreements, the payment by a counter-party and the related interest revenue or interest expense are recognized on the accrual basis.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

Investment Properties

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

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

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

Collaterals Assumed

Collaterals assumed (recognized as other assets) are recorded at cost, which includes the price and the expenditure for placing the collateral in a position to be sold, and are evaluated at their fair value as of the end of the period. An impairment loss is recognized when the cost of collaterals exceeds the fair value.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

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

Impairment of Non-financial Assets

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

A cash-generating unit (“CGU”), which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill, then to the other assets of CGU pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Separate-account Products

China Life Insurance sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as “separate-account product assets” and “separate-account product liabilities”. The revenues and expenses of separate-account insurance products in accordance with IFRS 4 Insurance Contracts, separately recognized as “separate-account product revenues” and “separate-account product expenses.”

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

Insurance Liabilities and Reserve for Insurance Contracts with Feature of Financial Instruments

China Life Insurance's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, the reserved funds have been validated by the certified actuarial professionals approved by the Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Order No. Financial Supervisory-Insurance-Corporate-10704504821 and No. Financial Supervisory-Insurance-Corporate-11004925801. Reserved amount for the rest of other provisions is addressed below:

Moreover, China Life Insurance's insurance contract with discretionary participation feature is classified as liability.

a. Unearned premium reserve

For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

b. Reserve for claims

It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

c. Reserve for life insurance liabilities

Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and the manual published by each authority of insurance products.

Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated by the Order No. Financial Supervisory-Insurance-Corporate-800484251, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

d. Special reserve

- 1) For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, “Special Capital Reserve - Special Reserve for Major Incidents” and “Special Capital Reserve - Special Reserve for Fluctuation of Risks.” The dollar amount of reserve required is addressed as follows:

- a) Special capital reserve - special reserve for major incidents

All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of NT\$30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, China Life Insurance could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

- b) Special capital reserve - special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount need to be paid, the 15% of this difference should be reserved in special reserve for fluctuation of risks. When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is greater than the anticipated dollar amount need to be paid, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the special reserve for fluctuation of risks for specified type of insurance is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written-down should be reported to the authority for inspection purpose. When accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves for major incidents and special reserve for fluctuation of risks addressed previously, the balance of the annual reserve net of tax, the post-tax amount of appropriated and written-down or recovery would be recorded in the special capital reserve under equity.

- 2) China Life Insurance sells participating life insurance policy. According to the “Rule Governing application of revenue and expenses related to participating/non-participating policy”, the Corporation is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. The excess dividend should be accounted as special reserve for dividend risks. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Corporation shall set aside the same amount of special reserve.

e. Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on January 1, 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.

f. Other reserve

Pursuant to IFRS 3 “Business Combination”, the Corporation shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

g. Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 Insurance Contracts.

h. Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Depository Accounting.

Foreign Exchange Valuation Reserve

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets do not include foreign currency non-investment-linked life insurance product assets) in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”. The beginning balance of China Life Insurance’s foreign exchange valuation reserve is NT\$1,745,679 thousand which has to recognize special reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve may be used to increase the share capital or offset deficit. According to “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” Article 9 and the Official Letter No. 1090490453 issued by the FSC on February 17, 2020, since the Insurance Company set aside the earnings appropriation of 2019, if the Corporation has annual net tax earning, then it should appropriate 10% of that earning to special reserve after shareholders’ meeting.

Employee Benefits

a. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period.

b. Retirement benefits

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

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

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

c. Other long-term benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Taxation

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

a. Current tax

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

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

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

The Corporation and its eligible subsidiaries use the linked-tax system in the filing of tax returns. The accounting treatment applied by the Group to the income tax is to adjust in the Corporation's and its subsidiaries' book by a prorated share amount the difference between the combined current/deferred taxes and the total of each Group member's current/deferred taxes. Related payables and receivables are recorded in each of the Group members' books.

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax for the year

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

Revenue Recognition

Interest revenue arisen from credits are estimated on an accrual basis. All interest accrued shall be suspended from the date the loans are classified as nonperforming loans. Interest earned from nonperforming loans shall be recognized as interest income when the interest has been collected by the Group.

Service fee income is recognized when collected or when the majority of project is completed. Service fee income is received when loans and receivables are recognized. The service fee income which are caused by loans or receivables shall be recognized as interest revenue when they meet a suggested policy announced by the Bankers Association of the Republic of China. This policy requires an individual loan that meets the materiality criteria to have its effective interest rate be consistent with its interest revenue. Overall, the service fees shall be adjusted from the original agreed interest rate to the effective interest rate.

Revenue from rendering services - brokerage and underwriting commissions and fees, stock transaction agent fees, futures trading commissions and fees - is recognized on the basis of the stage of completion of related services as of the balance sheet dates.

Insurance Premium Income and Expenses

Insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expense and brokerage expenses, the related expense will be recognized in that period after commencement of the insurance contract.

For non-separate-account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as “reserves for insurance contracts with feature of financial instruments.” The related acquisition costs will be written-down in that period after commencement of the insurance contract under “reserves for insurance contracts with feature of financial instruments.”

Leases

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

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

a. The Group as lessor

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

Under finance leases, the net investment in a lease is measured at (a) the present value of the sum of the installment accounts receivable and lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

b. The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

Share-based Payment Arrangements

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares for employees.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options.

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award.

Reinsurance

Premiums ceded to reinsurers and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

China Life Insurance holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers-net and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidence demonstrate that such rights after initial recognition may lead to China Life Insurance not recovering all contractual terms of the amount due; and the above events can be recovered from reinsurers at the impacted amount, then China Life Insurance can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, China Life Insurance assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if China Life Insurance can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, China Life Insurance receives (or pays) the contract's value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group took the consideration of the economic impact of COVID-19. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on discounts and loans

The management regularly reviews discounts and loans to assess impairment in accordance with IFRS 9. To determine whether an impairment loss should be recognized, the management assesses whether there has been a significant increase in credit risk or credit impairment has already occurred. When analyzing expected future cash flows, the management takes into account past events, present condition and future economic circumstances of the assets with similar credit risks. The management also regularly reviews the methodology and assumptions adopted for both expected future cash flows and their timing to decrease the difference between estimated and actual amount of impairment loss. In addition, the management assures that the impairment loss meets the standard based on the Regulations Governing the Procedures for Banking Institutions. In addition, due to the uncertainty of the subsequent development of the COVID-19 and the impact of financial market fluctuations on credit risk in 2021, the estimates of the probability of default and the loss given default are relatively uncertain.

b. Assessment of insurance liabilities and liability adequacy reserve

Management uses actuarial model and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance. The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on reasonable estimate of future insurance payments, premium income and related expenses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash in banks	\$ 154,814,397	\$ 107,170,639
Due from banks	6,554,062	7,868,405
Others	<u>6,494,367</u>	<u>6,130,049</u>
	<u>\$ 167,862,826</u>	<u>\$ 121,169,093</u>

Cash and cash equivalents as of December 31, 2021 and 2020 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	December 31	
	2021	2020
Call loans to financial institutions	\$ 27,017,500	\$ 10,982,290
Deposit reserve - demand accounts	11,198,024	10,886,761
Deposit reserve - checking accounts	7,545,247	7,835,775
Due from the Central Bank - interbank settlement funds	3,003,971	2,005,892
Deposit reserve - foreign currencies	<u>149,526</u>	<u>153,943</u>
	<u>\$ 48,914,268</u>	<u>\$ 31,864,661</u>

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve is determined monthly at prescribed rates based on average balance of the Bank's deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

For the certificates deposit issued by the Central Bank of the ROC pledged as collaterals for the Group, please refer to Note 49.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial instrument		
Currency swap and forward exchange contracts	\$ 9,117,191	\$ 20,811,834
Options and futures contracts	5,654,299	12,559,095
Interest rate swap contracts	3,783,166	34,364,342
Others	1,456,290	4,689,745
Non-derivative financial assets		
Shares	207,350,016	164,336,478
Mutual funds	168,819,138	157,902,410
Operating securities (Note 9)	67,945,917	71,245,478
Bank debentures	39,906,323	31,757,722
Corporate bonds	12,776,587	15,558,816
Commercial paper	10,260,772	11,935,774
Others	<u>22,737,962</u>	<u>16,101,646</u>
	<u>549,807,661</u>	<u>541,263,340</u>
<u>Financial assets designated as at FVTPL</u>		
Government bonds	-	206,349
Others	<u>4,740,512</u>	<u>2,026,127</u>
	<u>4,740,512</u>	<u>2,232,476</u>
Financial assets at FVTPL	<u>\$ 554,548,173</u>	<u>\$ 543,495,816</u>

(Continued)

	December 31	
	2021	2020
<u>Financial liabilities held for trading</u>		
Derivative financial instrument		
Options and futures contracts	\$ 6,553,181	\$ 14,452,997
Currency swap and forward exchange contracts	5,739,505	19,591,009
Interest rate swap contracts	3,999,440	35,608,849
Others	6,914,894	8,314,244
Non-derivative financial liabilities		
Borrowed securities payable	11,012,190	18,701,768
Others	<u>3,829,439</u>	<u>1,012,055</u>
	<u>38,048,649</u>	<u>97,680,922</u>
<u>Financial liabilities designated as at FVTPL</u>		
Bank debentures payable	10,354,365	11,077,401
Structured products	9,294,131	7,383,477
Others	<u>1,012</u>	<u>767</u>
	<u>19,649,508</u>	<u>18,461,645</u>
Financial liabilities at FVTPL	<u>\$ 57,698,157</u>	<u>\$ 116,142,567</u> (Concluded)

As of December 31, 2021 and 2020, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	December 31		Issuance Period	Method of Paying Principles and Interests	Interest Rate
	2021	2020			
P18KGIB1	\$ 5,538,000	\$ 5,701,600	January 30, 2018 - January 30, 2048 (Note 1)	Principal due on maturity	0%
P18KGIB2	<u>4,430,400</u>	<u>4,561,280</u>	February 27, 2018 - February 27, 2048 (Note 1)	Principal due on maturity	0%
Valuation adjustments	9,968,400 <u>385,965</u>	10,262,880 <u>814,521</u>			
	<u>\$ 10,354,365</u>	<u>\$ 11,077,401</u>			

Note 1: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after five years from the issue date (inclusive).

China Life Insurance elected to adopt the overlay approach in expressing financial assets designated as at FVTPL under IFRS 4 “Insurance Contracts” starting from application of IFRS 9. Investment of financial assets relating insurance contracts issued by China Life Insurance designated as at adoption of the overlay approach financial assets were as follows:

Financial assets mandatorily classified as at FVTPL

	December 31	
	2021	2020
Shares	\$ 192,878,435	\$ 151,560,864
Mutual funds	167,750,597	156,345,531
Bank debentures	39,664,048	31,232,773
Corporate bonds	11,482,356	14,648,671
Others	<u>18,302,596</u>	<u>8,573,890</u>
	<u>\$ 430,078,032</u>	<u>\$ 362,361,729</u>

For the years ended December 31, 2021 and 2020, reclassification amount under profit or loss and other comprehensive income of designated as at adoption of the overlay approach financial assets is described as follows:

	For the Year Ended December 31	
	2021	2020
Gain (loss) on application of IFRS 9	\$ 27,928,446	\$ 24,761,407
Loss (gain) on application of IAS 39	<u>(26,320,383)</u>	<u>(25,672,168)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ 1,608,063</u>	<u>\$ (910,761)</u>

Due to the adjustment of the overlay approach, gain on financial assets measured at FVTPL decreased from \$49,617,253 thousand to gain of \$48,009,190 thousand for the year ended December 31, 2021; and gain on financial assets measured at FVTPL increased from \$49,725,270 thousand to gain of \$50,636,031 thousand for the year ended December 31, 2020.

The contract (nominal) amounts of the Group’s outstanding derivative financial instruments as of December 31, 2021 and 2020 are summarized as follows:

	December 31	
	2021	2020
Currency swap and forward exchange contracts	\$ 1,922,416,963	\$ 1,956,133,999
Interest rate swap contracts	445,570,514	920,537,191
Non-deliverable forward contracts	326,900,182	328,712,408
Options and futures contracts	241,576,309	666,062,367
Assets swap contracts	31,432,825	21,112,907
Structured products contracts	15,625,743	14,987,302
Cross-currency swap contracts	14,061,476	18,017,594
Credit default swap contracts	1,877,380	2,030,625
Commodity swap contracts	151,744	69,665
Equity derivative financial contracts	-	109,682

As of December 31, 2021 and 2020, financial assets at fair value through profit or loss with aggregate carrying values of \$37,656,259 thousand and \$34,510,392 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 49.

9. OPERATING SECURITIES

	December 31	
	2021	2020
Dealing		
Overseas securities	\$ 16,825,482	\$ 21,096,025
Corporate bonds	11,958,948	15,608,053
Listed, OTC and emerging market stock	5,933,071	5,937,060
Government bonds	2,702,579	2,033,169
Others	<u>3,679,142</u>	<u>2,627,943</u>
	<u>41,099,222</u>	<u>47,302,250</u>
Underwriting		
Corporate bonds	1,033,616	703,837
Listed, OTC and emerging market stock	180,291	192,131
Others	<u>-</u>	<u>46,800</u>
	<u>1,213,907</u>	<u>942,768</u>
Hedge positions		
Corporate bonds	9,107,818	8,216,644
Listed, OTC and emerging market stock	7,787,157	3,528,009
Overseas securities	5,069,175	5,442,253
Mutual funds	3,537,691	5,475,471
Others	<u>130,947</u>	<u>338,083</u>
	<u>25,632,788</u>	<u>23,000,460</u>
	<u>\$ 67,945,917</u>	<u>\$ 71,245,478</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in debt instruments at FVTOCI		
Government bonds	\$ 157,406,737	\$ 205,871,829
Corporate bonds	120,320,655	227,059,644
Bank debentures	93,029,108	151,466,965
Negotiable certificates of deposit	70,115,980	64,927,048
Others	<u>2,042,848</u>	<u>1,962,487</u>
	<u>442,915,328</u>	<u>651,287,973</u>
Investments in equity instruments at FVTOCI		
Common stocks	52,091,487	49,317,068
Preferred stocks	<u>12,367,506</u>	<u>12,357,036</u>
	<u>64,458,993</u>	<u>61,674,104</u>
	<u>\$ 507,374,321</u>	<u>\$ 712,962,077</u>

a. Investments in debt instruments at FVTOCI

As of December 31, 2021 and 2020, investments in debt instruments at FVTOCI, with aggregate carrying values of \$64,467,623 thousand and \$87,318,772 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 49.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 54.

b. Investments in equity instruments at FVTOCI

For the years ended December 31, 2021 and 2020, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of \$15,501,813 thousand and \$6,369,049 thousand, respectively. The Group transferred a gain of \$1,730,535 thousand and a loss of \$246,478 thousand from other equity related-unrealized gain or loss on financial assets at fair value through other comprehensive income to retained earnings.

For the years ended December 31, 2021 and 2020, dividend income for \$1,855,323 thousand and \$1,238,830 thousand, respectively, and those related to investment held as of December 31, 2021 and 2020 were \$1,419,363 thousand and \$951,339 thousand, respectively, and those related to investment derecognized for the years ended December 31, 2021 and 2020 were \$435,960 thousand and \$287,491 thousand, respectively.

There are no investments in equity instruments at FVTOCI pledged as collateral for the Group.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Bank debentures	\$ 626,551,255	\$ 575,283,742
Corporate bonds	430,054,733	367,482,396
Government bonds	152,535,613	104,377,621
Others	<u>11,137,180</u>	<u>17,188,328</u>
	<u>\$ 1,220,278,781</u>	<u>\$ 1,064,332,087</u>

As of December 31, 2021 and 2020, investments in debt instruments at amortized cost, with aggregate carrying values of \$263,055 thousand and \$270,826 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the years ended December 31, 2021 and 2020, Financial assets at amortized cost are derecognized, because of the agreement acquisition by issuers, the credit risk are increasing, seldomly selling, or both individually and totally amounts is lower than the materiality, corporation respectively recognizes the gain on disposal \$4,210,914 thousand, and the loss on disposal \$313,090 thousand.

There are no investments in debt instruments at amortized cost that are pledged as collateral for the Group.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, please refer to Note 54.

12. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2021	2020
<u>Financial assets for hedging</u>		
Fair value hedge - interest rate swap	<u>\$ 259,267</u>	<u>\$ 102,479</u>
<u>Financial liabilities for hedging</u>		
Fair value hedge - interest rate swap	<u>\$ 73,006</u>	<u>\$ 641,307</u>

Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 37,752,632	2022.05.03-2031.09.14	Financial assets and liabilities for hedging	\$ 259,267	\$ 73,006
Hedged Items	Carrying Amount			Accumulated Amount of Fair Value Adjustments	
	Asset	Liability		Asset	Liability
Fair value hedge					
Financial assets at fair value through other comprehensive income	\$ 23,135,245	\$ -		\$ (198,510)	\$ -
Bank debentures	-	15,791,122		-	(8,878)

December 31, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 23,993,502	2022.05.03-2030.08.07	Financial assets and liabilities for hedging	\$ 102,479	\$ 641,307
Hedged Items	Carrying Amount			Accumulated Amount of Fair Value Adjustments	
	Asset	Liability		Asset	Liability
Fair value hedge					
Financial assets at fair value through other comprehensive income	\$ 14,720,977	\$ -		\$ 640,119	\$ -
Bank debentures	-	10,901,293		-	101,293

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2021	2020
Corporate bonds	\$ 15,007,379	\$ 16,044,250
Government bonds	9,905,720	7,655,039
Commercial paper	2,098,902	19,304,690
Bank debentures	1,303,798	2,614,775
Negotiable certificates of deposit	-	4,791,205
	<u>\$ 28,315,799</u>	<u>\$ 50,409,959</u>
Resold amounts	<u>\$ 28,321,100</u>	<u>\$ 50,417,337</u>
Last maturity date	March 2022	February 2021

14. RECEIVABLES, NET

	December 31	
	2021	2020
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	\$ 39,096,851	\$ 37,068,689
Receivable accounts for settlement	33,581,605	39,313,255
Interest receivable	18,125,119	18,045,666
Accounts receivable factoring without recourse	8,152,050	7,566,727
Trading securities receivable	7,330,973	4,393,215
Exchange clearing receivable	6,683,802	8,302,502
Accounts receivable - forfeiting	5,624,574	11,629,327
Others	<u>13,939,914</u>	<u>14,102,728</u>
	132,534,888	140,422,109
Less: Allowance for bad debts	(1,779,479)	(1,637,556)
Unrealized interest revenue	<u>(307,271)</u>	<u>(237,215)</u>
	<u>\$ 130,448,138</u>	<u>\$ 138,547,338</u>

For the amount of receivables pledged as collateral for the Group, please refer to Note 49.

For the information on credit risk management and impairment loss analysis of receivables, please refer to Note 54.

15. DISCOUNTS AND LOANS, NET

	December 31	
	2021	2020
Short-term loans	\$ 73,846,711	\$ 76,925,133
Medium-term loans	210,621,400	218,311,143
Long-term loans	94,213,623	84,822,252
Loans reclassified to nonperforming loans	278,416	465,508

(Continued)

	December 31	
	2021	2020
Export negotiations	\$ 32,089	14,513
Policy loans	27,839,905	\$ 27,137,356
Automatic premium loans	<u>5,702,046</u>	<u>5,845,356</u>
	412,534,190	413,521,261
Less: Allowance for bad debts	(4,880,384)	(5,005,037)
Discounts on loans	<u>(52,228)</u>	<u>(72,032)</u>
	<u>\$ 407,601,578</u>	<u>\$ 408,444,192</u>
		(Concluded)

For the information on credit risk management and impairment loss analysis of discounts and loans, please refer to Note 54.

16. REINSURANCE ASSETS, NET

	December 31	
	2021	2020
Claims recoverable from reinsurers	\$ 782,484	\$ 646,949
Due from reinsurers and ceding companies	20,653	10,718
Reinsurance reserve assets		
Ceded unearned premium reserve	67,418	61,774
Ceded reserve for claims	<u>20,504</u>	<u>20,815</u>
	<u>87,922</u>	<u>82,589</u>
	<u>\$ 891,059</u>	<u>\$ 740,256</u>

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	December 31	
	2021	2020
Non-public entities		
CDIB & Partners Investment Holding Corporation	\$ 6,069,630	\$ 5,871,970
Suyin KGI Consumer Finance Co., Ltd.	4,113,459	-
CDIB Capital Asia Partners L.P.	2,805,614	3,037,253
KGI Securities (Thailand) Public Company Limited	2,568,241	2,422,459
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,152,431	1,199,488
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	755,448	844,123
CDIB Capital Health Ventures Limited	668,398	811,644
Others	<u>2,094,770</u>	<u>988,987</u>
	<u>\$ 20,227,991</u>	<u>\$ 15,175,924</u>

As of December 31, 2021 and 2020, financial assets designated as at FVTPL of associates that are not individually material were \$4,740,512 thousand and \$1,854,964 thousand, respectively.

Summarized financial information in respect of the not individually material associates was set out below:

	December 31	
	2021	2020
The Group's share of:		
Net profit (loss) for the year	\$ 1,513,724	\$ (269,950)
Other comprehensive income (loss)	<u>42,199</u>	<u>(592,457)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,555,923</u>	<u>\$ (862,407)</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the financial statements audited by the auditors.

There are no investments under equity method was pledged as collateral for the Group.

18. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in structured entities

The Corporation's subsidiaries have equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

December 31, 2021

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 20,859,385	\$ 4,587,146	\$ 25,446,531
Financial assets at fair value through other comprehensive income	-	280,424	280,424
Debt instruments measured at amortized cost	-	6,321,505	6,321,505
Maximum exposure	20,859,385	11,189,075	32,048,460

December 31, 2020

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 12,274,019	\$ 4,641,441	\$ 16,915,460
Financial assets at fair value through other comprehensive income	-	284,284	284,284
Debt instruments measured at amortized cost	-	14,507,834	14,507,834
Maximum exposure	12,274,019	19,433,559	31,707,578

b. Management on structured entities

The Corporation's subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation's subsidiaries have significant influence over the above investments.

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

	December 31	
	2021	2020
<u>Management on partnership equity fund</u>		
Total assets	\$ 24,692,188	\$ 21,556,752
Total liabilities	10,545	18,052
Investments accounted for using the equity method	5,342,078	5,469,661
Financial assets designated as at FVTPL	4,378,248	1,551,906
Maximum exposure	9,720,326	7,021,567

19. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Separate-account insurance products	\$ 101,041,555	\$ 84,564,106
Customer margin accounts	50,774,121	53,677,381
Others	<u>3,136,113</u>	<u>2,877,387</u>
	<u>\$ 154,951,789</u>	<u>\$ 141,118,874</u>

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets	
	December 31	
	2021	2020
Cash in banks	\$ 2,446,188	\$ 2,886,939
Financial assets at fair value through profit or loss	98,563,221	81,612,016
Other receivables	<u>32,146</u>	<u>65,151</u>
	<u>\$ 101,041,555</u>	<u>\$ 84,564,106</u>
	Liabilities	
	December 31	
	2021	2020
Reserve for separate account	\$ 101,025,859	\$ 84,401,006
Other payables	<u>15,696</u>	<u>163,100</u>
	<u>\$ 101,041,555</u>	<u>\$ 84,564,106</u>

b. Separate account insurance products - revenues and expenses

	Revenues	
	For the Year Ended December 31	
	2021	2020
Premium income	\$ 6,375,009	\$ 5,941,537
Gain from financial assets and liabilities at fair value through profit or loss	5,320,327	4,364,449
Interest income	213	106
Other revenues	172,092	175,853
Foreign exchange losses	<u>(331,794)</u>	<u>(960,387)</u>
	<u>\$ 11,535,847</u>	<u>\$ 9,521,558</u>
	Expenses	
	For the Year Ended December 31	
	2021	2020
Insurance claim payments	\$ 5,369,877	\$ 5,175,461
Net change in separate account reserve	3,876,503	2,306,385
Custodian fee	<u>2,289,467</u>	<u>2,039,712</u>
	<u>\$ 11,535,847</u>	<u>\$ 9,521,558</u>

- c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the years ended December 31, 2021 and 2020 was \$306,884 thousand and \$397,954 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, please refer to Note 49.

20. INVESTMENT PROPERTY, NET

	December 31	
	2021	2020
Land	\$ 22,191,682	\$ 20,339,730
Buildings and facilities	8,423,583	6,511,336
Right-of-use assets - superficies of royalties	4,197,532	2,777,176
Right-of-use assets - land	<u>487,101</u>	<u>325,514</u>
	<u>\$ 35,299,898</u>	<u>\$ 29,953,756</u>

The changes in the Group's investment properties were as follows:

	For the Year Ended December 31	
	2021	2020
<u>Cost</u>		
Beginning balance	\$ 31,971,958	\$ 26,451,916
Additions	3,401,003	255,595
Disposals	(154,102)	(96,133)
Effect of different group entities	-	(139,833)
Reclassification	<u>2,909,635</u>	<u>5,500,413</u>
Ending balance	<u>38,128,494</u>	<u>31,971,958</u>
<u>Accumulated depreciation</u>		
Beginning balance	(1,521,158)	(614,432)
Depreciation	(474,175)	(280,858)
Disposals	2,932	694
Effect of different group entities	-	23,462
Reclassification	<u>(287,083)</u>	<u>(650,024)</u>
Ending balance	<u>(2,279,484)</u>	<u>(1,521,158)</u>
<u>Accumulated impairment</u>		
Beginning balance	(497,044)	(495,928)
Reversal (reserve) of impairment loss	<u>(52,068)</u>	<u>(1,116)</u>
Ending balance	<u>(549,112)</u>	<u>(497,044)</u>
Carrying amount	<u>\$ 35,299,898</u>	<u>\$ 29,953,756</u>

The above items of investment property are depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	
Main building and parking spaces	30-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of December 31, 2021 and 2020 were \$35,646,522 thousand and \$29,659,155 thousand, respectively. Investment property was categorized into Level 3.

The Corporation's subsidiaries had development of the vacant land and prepayments for buildings without construction license, and the carrying amount was \$2,470,235 thousand and \$2,519,944 thousand, respectively, on December 31, 2021 and 2020. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

Valuation of fair values above mentioned, except the fair values of investment properties held by KGI Securities and or the year ended December 31, 2021, and the fair values of partial investment properties held by CDIB Capital Group for the year ended December 31, 2020 were arrived at without appraisal from independent appraisers, but instead were arrived at by reference to available external appraisal reports for the previous period and valuation models commonly used by market participants. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales

comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The Group's investment property is mainly based on leased building with lease terms of 1 to 20 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

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

	December 31	
	2021	2020
Year 1	\$ 582,030	\$ 470,842
Year 2	671,857	371,490
Year 3	614,829	292,014
Year 4	518,770	245,226
Year 5	398,749	212,312
Year 5 onwards	<u>3,934,971</u>	<u>565,604</u>
	<u>\$ 6,721,106</u>	<u>\$ 2,157,488</u>

The investment property leased by the Group for operating leases is depreciated on a straight-line basis over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and facilities	30-60 years

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 49.

21. PROPERTY AND EQUIPMENT, NET

	December 31	
	2021	2020
Land	\$ 19,228,612	\$ 20,265,436
Buildings and facilities	11,407,520	12,719,584
Machinery and computer equipment	1,476,229	1,383,010
Other equipment	340,940	308,412
Leasehold improvements	319,049	283,067
Transportation equipment	<u>74,567</u>	<u>169,170</u>
	32,846,917	35,128,679
Prepayments for acquisition of properties	<u>1,204,958</u>	<u>215,191</u>
	<u>\$ 34,051,875</u>	<u>\$ 35,343,870</u>
Assets used by the Group	\$ 33,662,194	\$ 34,852,725
Assets leased under operating leases	<u>389,681</u>	<u>491,145</u>
	<u>\$ 34,051,875</u>	<u>\$ 35,343,870</u>

	Land	Buildings and Facilities	Machinery and Computer Equipment	Other Equipment	Leasehold Improvements	Transportation Equipment	Prepayments for Acquisition of Properties	Total
Cost								
Balance at January 1, 2020	\$ 20,225,383	\$ 8,632,374	\$ 2,743,156	\$ 1,192,583	\$ 890,700	\$ 484,146	\$ 6,554,704	\$ 40,723,046
Additions	545,398	345,694	285,970	75,172	57,857	19,430	2,270,602	3,600,123
Disposals	(88,041)	(164,472)	(366,121)	(132,838)	(120,032)	(183,765)	(1,681)	(1,056,950)
Reclassification	(228,730)	6,793,901	(35,558)	187,943	292	169	(8,608,434)	(1,890,417)
Effects of different group entities	(138,506)	(83,503)	(3,005)	(1,334)	-	-	-	(226,348)
Effect of exchange rate changes	-	-	(42,808)	(9,139)	(13,139)	(241)	-	(65,327)
Balance at December 31, 2020	<u>20,315,504</u>	<u>15,523,994</u>	<u>2,581,634</u>	<u>1,312,387</u>	<u>815,678</u>	<u>319,739</u>	<u>215,191</u>	<u>41,084,127</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	(50,022)	(2,736,137)	(1,390,988)	(879,727)	(566,181)	(195,679)	-	(5,818,734)
Additions	(26,084)	(305,304)	(320,970)	(128,851)	(101,745)	(80,101)	-	(963,055)
Disposals	-	79,877	362,396	132,193	119,463	125,228	-	819,157
Reclassification	26,038	119,751	116,290	(135,787)	3,574	(169)	-	129,697
Effects of different group entities	-	37,403	1,648	854	-	-	-	39,905
Effect of exchange rate changes	-	-	33,000	7,343	12,278	152	-	52,773
Balance at December 31, 2020	<u>(50,068)</u>	<u>(2,804,410)</u>	<u>(1,198,624)</u>	<u>(1,003,975)</u>	<u>(532,611)</u>	<u>(150,569)</u>	<u>-</u>	<u>(5,740,257)</u>
Balance at December 31, 2020, net	<u>\$ 20,265,436</u>	<u>\$ 12,719,584</u>	<u>\$ 1,383,010</u>	<u>\$ 308,412</u>	<u>\$ 283,067</u>	<u>\$ 169,170</u>	<u>\$ 215,191</u>	<u>\$ 35,343,870</u>
Cost								
Balance at January 1, 2021	\$ 20,315,504	\$ 15,523,994	\$ 2,581,634	\$ 1,312,387	\$ 815,678	\$ 319,739	\$ 215,191	\$ 41,084,127
Additions	-	34,511	293,787	95,713	67,681	1,982	1,378,449	1,872,123
Disposals	(759,708)	(571,749)	(173,208)	(177,120)	(171,387)	(141,862)	(54,283)	(2,049,317)
Reclassification	(264,632)	(862,640)	143,059	54,327	44,571	-	(334,399)	(1,219,714)
Effect of exchange rate changes	-	-	(28,488)	(8,078)	(6,602)	(121)	-	(43,289)
Balance at December 31, 2021	<u>19,291,164</u>	<u>14,124,116</u>	<u>2,816,784</u>	<u>1,277,229</u>	<u>749,941</u>	<u>179,738</u>	<u>1,204,958</u>	<u>39,643,930</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	(50,068)	(2,804,410)	(1,198,624)	(1,003,975)	(532,611)	(150,569)	-	(5,740,257)
Additions	(12,491)	(359,586)	(335,051)	(115,661)	(80,659)	(54,078)	-	(957,526)
Disposals	-	446,658	171,487	176,060	167,297	99,382	-	1,060,884
Reclassification	7	742	(1,043)	370	8,852	-	-	8,928
Effect of exchange rate changes	-	-	22,676	6,917	6,229	94	-	35,916
Balance at December 31, 2021	<u>(62,552)</u>	<u>(2,716,596)</u>	<u>(1,340,555)</u>	<u>(936,289)</u>	<u>(430,892)</u>	<u>(105,171)</u>	<u>-</u>	<u>(5,592,055)</u>
Balance at December 31, 2021, net	<u>\$ 19,228,612</u>	<u>\$ 11,407,520</u>	<u>\$ 1,476,229</u>	<u>\$ 340,940</u>	<u>\$ 319,049</u>	<u>\$ 74,567</u>	<u>\$ 1,204,958</u>	<u>\$ 34,051,875</u>

The construction project with respect to the superficies, which was awarded to China Life Insurance, on the land owned by Taipei Academy had been completed in the third quarter of 2020 and was reclassified from the construction in progress to the buildings and facilities. Part of the buildings and right-of-use assets were subsequently recognized as investment properties depending on its nature. These had been respectively recognized as “investment property”, “property, plant and equipment” and “right-of-use asset” by the Groups’ holding purpose, please refer to Notes 20 and 22.

The above items of self-use property and equipment are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities	3-60 years
Machinery and computer equipment	3-15 years
Transportation equipment	4-10 years
Other equipment	3-15 years
Leasehold improvements	Depend on the age or the durable life of lease, whichever is shorter

The operating lease of the group’s subsidiaries are mainly based on leased light passenger vehicle with lease terms of 1 to 5 years without an option to extend for any additional years.

The maturity analysis of lease payments receivable was as follows:

	December 31	
	2021	2020
Year 1	\$ 23,532	\$ 64,168
Year 2	2,476	22,580
Year 3	174	2,475
Year 4	-	174
Year 5	<u>-</u>	<u>-</u>
	<u>\$ 26,182</u>	<u>\$ 89,397</u>

The investment property leased by the Group for operating leases is depreciated on a straight-line basis based over their estimated useful lives as follows:

	Estimated Useful Lives
Machinery equipment	4-20 years
Transportation equipment	2-5 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 49.

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2021	2020
Carrying amounts		
Royalty-surface rights	\$ 8,685,772	\$ 9,997,238
Buildings and facilities	2,644,249	2,622,125
Land	1,018,139	1,171,915
Computer equipment	150,617	183,014
Other equipment	47,416	36,977
Transportation equipment	<u>44,397</u>	<u>38,495</u>
	<u>\$ 12,590,590</u>	<u>\$ 14,049,764</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 1,051,516</u>	<u>\$ 734,358</u>
Depreciation of right-of-use assets		
Buildings and facilities	\$ 777,833	\$ 818,207
Royalty-surface rights	158,558	191,593
Computer equipment	44,358	65,170
Transportation equipment	20,934	18,516
Land	18,642	23,448
Other equipment	<u>18,406</u>	<u>15,535</u>
	<u>\$ 1,038,731</u>	<u>\$ 1,132,469</u>

The depreciation expense of the right-of-use asset recognized in profit or loss for the years ended December 31, 2021 and 2020 were \$1,036,149 thousand and \$977,619 thousand, respectively.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts	<u>\$ 4,455,216</u>	<u>\$ 4,454,005</u>

The interest expense of the lease liabilities recognized in profit or loss for the years ended December 31, 2021 and 2020 were \$89,192 thousand and \$66,714 thousand, respectively.

Range of discount rate for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings and facilities	0.50%-9.79%	0.65%-9.79%
Land	0.77%-3.50%	0.77%-3.50%
Computer equipment	0.56%-1.07%	0.77%-1.07%
Transportation equipment	0.49%-1.32%	0.55%-1.44%
Other equipment	0.51%-1.03%	0.53%-1.20%

The maturity analysis of lease liabilities were as follows:

	December 31	
	2021	2020
Not later than 1 year	\$ 681,809	\$ 889,224
Later than 1 year and not later than 5 years	2,175,345	1,790,637
Later than 5 years and not later than 10 years	788,636	935,950
Later than 10 years	<u>3,152,758</u>	<u>3,213,328</u>
	<u>\$ 6,798,548</u>	<u>\$ 6,829,139</u>

c. Material lease-in activities and terms

The Group leases land, building and facilities, computer equipment, transportation equipment and other equipment with lease terms of 1 to 15 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that China Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment for the Group, please refer Notes 20 and 21, respectively.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 36,727</u>	<u>\$ 35,969</u>
Expenses relating to low-value asset leases	<u>\$ 3,026</u>	<u>\$ 3,316</u>
Total cash outflow for leases	<u>\$ 1,017,530</u>	<u>\$ 1,030,993</u>

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

23. INTANGIBLE ASSETS

	December 31	
	2021	2020
Purchase policy value	\$ 11,721,285	\$ 12,053,755
Goodwill	3,089,780	3,135,653
Operation rights	2,439,695	2,974,042
Computer software	1,488,726	1,370,913
Others	<u>3,008</u>	<u>3,008</u>
	<u>\$ 18,742,494</u>	<u>\$ 19,537,371</u>

The changes in the Group's intangible assets were as follows:

	Purchase Policy Value	Goodwill	Operation Rights	Computer Software	Others	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 13,320,077	\$ 3,190,820	\$ 8,542,562	\$ 2,221,233	\$ 51,994	\$ 27,326,686
Additions	-	-	-	410,937	-	410,937
Decreases	-	-	-	(95,726)	-	(95,726)
Reclassification	-	-	-	92,239	-	92,239
Effects of different group entities	-	-	-	-	(33,388)	(33,388)
Effects of exchange rate changes	-	(55,167)	-	8	-	(55,159)
Balance at December 31, 2020	<u>13,320,077</u>	<u>3,135,653</u>	<u>8,542,562</u>	<u>2,628,691</u>	<u>18,606</u>	<u>27,645,589</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2020	(918,015)	-	(4,988,162)	(963,277)	(15,598)	(6,885,052)
Amortization	(348,307)	-	(580,358)	(387,679)	-	(1,316,344)
Decreases	-	-	-	93,209	-	93,209
Effects of exchange rate changes	-	-	-	(31)	-	(31)
Balance at December 31, 2020	<u>(1,266,322)</u>	<u>-</u>	<u>(5,568,520)</u>	<u>(1,257,778)</u>	<u>(15,598)</u>	<u>(8,108,218)</u>
Balance at December 31, 2020, net	<u>\$ 12,053,755</u>	<u>\$ 3,135,653</u>	<u>\$ 2,974,042</u>	<u>\$ 1,370,913</u>	<u>\$ 3,008</u>	<u>\$ 19,537,371</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 13,320,077	\$ 3,135,653	\$ 8,542,562	\$ 2,628,691	\$ 18,606	\$ 27,645,589
Additions	-	-	-	498,277	-	498,277
Decreases	-	-	-	(102,635)	-	(102,635)
Reclassification	-	-	-	54,026	-	54,026
Effects of exchange rate changes	-	(45,873)	-	(55)	-	(45,928)
Balance at December 31, 2021	<u>13,320,077</u>	<u>3,089,780</u>	<u>8,542,562</u>	<u>3,078,304</u>	<u>18,606</u>	<u>28,049,329</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	(1,266,322)	-	(5,568,520)	(1,257,778)	(15,598)	(8,108,218)
Amortization	(332,470)	-	(534,347)	(434,476)	-	(1,301,293)
Decreases	-	-	-	102,635	-	102,635
Effects of exchange rate changes	-	-	-	41	-	41
Balance at December 31, 2021	<u>(1,598,792)</u>	<u>-</u>	<u>(6,102,867)</u>	<u>(1,589,578)</u>	<u>(15,598)</u>	<u>(9,306,835)</u>
Balance at December 31, 2021, net	<u>\$ 11,721,285</u>	<u>\$ 3,089,780</u>	<u>\$ 2,439,695</u>	<u>\$ 1,488,726</u>	<u>\$ 3,008</u>	<u>\$ 18,742,494</u>

Apart from the purchase policy value is amortized on present value of annuity of expected remaining policies over effective period of policies, the other items of intangible assets above are amortized on a straight-line basis over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	3-6 years

24. OTHER ASSETS

	December 31	
	2021	2020
Security borrowing margins	\$ 40,699,598	\$ 42,151,143
Overseas custodian accounts	27,409,184	26,684,588
Cash and cash equivalents-receipts under custody from customers	15,755,321	2,237,762
Operating guarantee deposits	8,585,515	8,275,495
Guarantee deposits paid	3,785,779	8,529,704
Others	<u>5,919,004</u>	<u>6,386,437</u>
	<u>\$ 102,154,401</u>	<u>\$ 94,265,129</u>

The fund deposited in foreign securities is mainly for foreign subsidiaries transaction.

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	December 31	
	2021	2020
Call loans from financial institutions	\$ 20,633,400	\$ 11,236,592
Deposits from Chunghwa Post Co., Ltd.	<u>190,146</u>	<u>190,146</u>
	<u>\$ 20,823,546</u>	<u>\$ 11,426,738</u>

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Corporate bonds	\$ 56,891,519	\$ 79,091,959
Bank debentures	24,903,171	27,655,313
Government bonds	20,090,120	27,867,001
Commercial paper	<u>-</u>	<u>249,972</u>
	<u>\$ 101,884,810</u>	<u>\$ 134,864,245</u>
Repurchased amounts	<u>\$ 101,935,509</u>	<u>\$ 134,922,573</u>
Last maturity date	April 2022	March 2021

27. COMMERCIAL PAPER PAYABLE, NET

	December 31	
	2021	2020
Commercial paper payable	\$ 21,216,060	\$ 11,566,577
Less: Unamortized discount	<u>(1,820)</u>	<u>(1,773)</u>
	<u>\$ 21,214,240</u>	<u>\$ 11,564,804</u>
Range of rate	0.26%-1.06%	0.20%-1.31%

As of December 31, 2021, China Bills Finance Corporation, Taiwan Finance Corporation, and Grand Bills, guaranteed the above commercial paper. However, some commercial paper which amounted to \$21,154,260 thousand, had no guarantee.

As of December 31, 2020, Dah Chung Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Corporation, China Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$10,989,967 thousand, had no guarantee.

28. PAYABLES

	December 31	
	2021	2020
Accounts payable for settlement	\$ 47,196,758	\$ 55,348,420
Accrued expenses and payable on insurance policies	20,238,854	16,900,293
Deposits payable for securities financing	12,525,783	10,281,198
Exchange clearing payable	6,678,293	4,076,453
Others	<u>16,209,913</u>	<u>16,490,282</u>
	<u>\$ 102,849,601</u>	<u>\$ 103,096,646</u>

29. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Time deposits	\$ 226,306,526	\$ 245,828,422
Saving deposits	143,663,711	131,860,446
Demand deposits	106,786,423	101,562,258
Negotiable CDs	4,578,300	5,956,700
Checking deposits	1,906,700	1,457,609
Inward remittance	<u>260,797</u>	<u>42,516</u>
	<u>\$ 483,502,457</u>	<u>\$ 486,707,951</u>

30. BONDS PAYABLE

	December 31	
	2021	2020
Corporate bonds payable	\$ 67,200,000	\$ 42,630,000
Bank debentures payable	<u>25,241,122</u>	<u>20,351,293</u>
	<u>\$ 92,441,122</u>	<u>\$ 62,981,293</u>

Corporate Bonds Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2021	2020			
1st corporate bonds in 2017 - the Corporation	\$ 10,000,000	\$ 10,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; Principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; Principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	8,000,000	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; Principal due on maturity	Bond A 0.75% Bond B 0.95%
2nd corporate bonds in 2020 - the Corporation	6,000,000	6,000,000	Bond A 2020.11.30-2030.11.30 Bond B 2020.11.30-2035.11.30	Interest payable annually; Principal due on maturity	Bond A 1.25% Bond B 1.50%
3rd corporate bonds in 2020 - the Corporation	4,000,000	-	Bond A 2021.01.14-2028.01.14 Bond B 2021.01.14-2031.01.14	Interest payable annually; Principal due on maturity	Bond A 0.50% Bond B 0.59%
1st corporate bonds in 2021 - the Corporation	15,000,000	-	Bond A 2021.12.20-2026.12.20 Bond B 2021.12.20-2028.12.20 Bond C 2021.12.20-2031.12.20	Interest payable annually; Principal due on maturity	Bond A 0.59% Bond B 0.65% Bond C 0.75%
1st corporate bonds in 2019 - KGI Securities	4,200,000	4,200,000	Bond A 2019.11.22-2022.11.22 Bond B 2019.11.22-2024.11.22 Bond C 2019.11.22-2026.11.22	Interest payable annually; Principal due on maturity	Bond A 0.73% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2021 - KGI Securities	5,000,000	-	Bond A 2021.07.09-2026.07.09 Bond B 2021.07.09-2028.07.09	Interest payable annually; Principal due on maturity	Bond A 0.51% Bond B 0.55%
1st corporate bonds in 2020 - China Life Insurance	<u>10,000,000</u>	<u>9,430,000</u>	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
Net amount	<u>\$ 67,200,000</u>	<u>\$ 42,630,000</u>			
Fair value	<u>\$ 68,262,697</u>	<u>\$ 43,949,621</u>			

Note: China Life Insurance has the right to redeem the bonds after 10 years from the issue date if its self-owned capital adequacy ratio is twice as higher as the required risk based capital ratio set by the competent authority. China Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

Bank Debentures Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2021	2020			
P07 KGIB 1	\$ 3,000,000	\$ 3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; Principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; Principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; Principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; Principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	2020.08.07-2030.08.07	Interest payable annually; Principal due on maturity	0.71%
P10 KGIB 1	4,300,000	-	2021.02.04-2031.02.04	Interest payable annually; Principal due on maturity	0.57%
P10 KGIB 2	<u>700,000</u>	<u>-</u>	2021.05.18-2024.05.18	Interest payable annually; Principal due on maturity	0.40%
	25,250,000	20,250,000			
Valuation adjustment	<u>(8,878)</u>	<u>101,293</u>			
Net amount	<u>\$ 25,241,122</u>	<u>\$ 20,351,293</u>			
Fair value	<u>\$ 25,349,007</u>	<u>\$ 20,408,787</u>			

Note: KGI Bank has the right to redeem the bonds after 5 years and 1 month from the issue date if its self-owned capital adequacy ratio is still in accordance with the requirements set by the competent authority. KGI Bank is allowed to redeem the bonds based on the carrying value of each bond plus interest after approved by the competent authority.

31. OTHER BORROWINGS

	December 31	
	2021	2020
Short-term credit borrowings	\$ 12,117,211	\$ 13,737,182
Short-term secured borrowings	4,459,750	4,739,049
Note issuance facility	3,488,462	6,317,288
Call loans from banks	<u>2,492,100</u>	<u>684,192</u>
	<u>\$ 22,557,523</u>	<u>\$ 25,477,711</u>
Range of rate	0.28%-5.95%	0.23%-5.65%
Last maturity date	November 2023	November 2023

For the information on collateral of other borrowings listed, please refer to Note 49.

32. PROVISIONS

	December 31	
	2021	2020
Insurance liabilities	\$ 1,988,686,889	\$ 1,896,680,430
Foreign exchange valuation reserve	3,351,124	4,023,007
Provisions for employee benefits	1,396,134	1,235,579
Others	<u>537,120</u>	<u>529,167</u>
	<u>\$ 1,993,971,267</u>	<u>\$ 1,902,468,183</u>

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at December 31, 2021 and 2020, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	December 31	
	2021	2020
Reserve for life insurance liabilities	\$ 1,952,465,847	\$ 1,859,860,159
Unearned premium reserve	4,699,485	4,509,133
Reserve for claims	2,605,570	2,463,643
Special reserve	7,747,818	6,633,515
Premium deficiency reserve	2,435,334	4,139,991
Other reserve	<u>18,732,835</u>	<u>19,073,989</u>
	<u>\$ 1,988,686,889</u>	<u>\$ 1,896,680,430</u>

a. Reserve for life insurance liabilities:

	December 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,593,122,492	\$ 54,305,280	\$ 1,647,427,772
Health insurance	155,648,698	-	155,648,698
Annuity insurance	664,492	146,776,781	147,441,273
Investment-linked insurance	<u>1,801,647</u>	<u>-</u>	<u>1,801,647</u>
	<u>\$ 1,751,237,329</u>	<u>\$ 201,082,061</u>	<u>\$ 1,952,319,390</u>

Note: The total amount of liability reserve is \$1,952,465,847 thousand on December 31, 2021 after reserve for life insurance-accrued paid is added.

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,499,223,671	\$ 57,268,258	\$ 1,556,491,929
Health insurance	144,514,146	-	144,514,146
Annuity insurance	641,776	156,307,556	156,949,332
Investment-linked insurance	<u>1,763,565</u>	<u>-</u>	<u>1,763,565</u>
	<u>\$ 1,646,143,158</u>	<u>\$ 213,575,814</u>	<u>\$ 1,859,718,972</u>

Note: The total amount of liability reserve is \$1,859,860,159 thousand on December 31, 2020 after reserve for life insurance-accrued paid is added.

There is no ceded liability reserve for the above insurance contracts of China Life Insurance.

Movement in reserve for life insurance liabilities is summarized below:

	For the Year Ended December 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,646,143,158	\$ 213,575,814	\$ 1,859,718,972
Reserve	218,282,661	5,194,905	223,477,566
Recover	(100,837,598)	(16,925,519)	(117,763,117)
Losses (gains) on foreign exchange	<u>(12,350,892)</u>	<u>(763,139)</u>	<u>(13,114,031)</u>
Ending balance (Note)	<u>\$ 1,751,237,329</u>	<u>\$ 201,082,061</u>	<u>\$ 1,952,319,390</u>

Note: Reserve for life insurance liabilities were \$1,952,465,847 thousand at December 31, 2021 after adding the payment of reserve for life insurance-accrued.

For the Year Ended December 31, 2020

	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,476,881,001	\$ 221,716,576	\$ 1,698,597,577
Reserve	261,010,188	8,636,345	269,646,533
Recover	(76,970,863)	(15,374,710)	(92,345,573)
Losses (gains) on foreign exchange	<u>(14,777,168)</u>	<u>(1,402,397)</u>	<u>(16,179,565)</u>
Ending balance (Note)	<u>\$ 1,646,143,158</u>	<u>\$ 213,575,814</u>	<u>\$ 1,859,718,972</u>

Note: Reserve for life insurance liabilities were \$1,859,860,159 thousand at December 31, 2020 after adding the payment of reserve for life insurance-accrued.

b. Unearned premium reserve

	December 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 937	\$ -	\$ 937
Individual injury insurance	1,550,612	-	1,550,612
Individual health insurance	2,452,741	-	2,452,741
Group insurance	627,188	-	627,188
Investment - linked insurance	67,996	-	67,996
Annuity insurance	<u>-</u>	<u>11</u>	<u>11</u>
	<u>4,699,474</u>	<u>11</u>	<u>4,699,485</u>
Less ceded unearned premium reserve			
Individual life insurance	17,620	-	17,620
Individual injury insurance	961	-	961
Individual health insurance	40,911	-	40,911
Group insurance	2,892	-	2,892
Investment - linked insurance	<u>5,034</u>	<u>-</u>	<u>5,034</u>
	<u>67,418</u>	<u>-</u>	<u>67,418</u>
Net amount	<u>\$ 4,632,056</u>	<u>\$ 11</u>	<u>\$ 4,632,067</u>

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 1,003	\$ -	\$ 1,003
Individual injury insurance	1,518,042	-	1,518,042
Individual health insurance	2,355,619	-	2,355,619
Group insurance	571,942	-	571,942
Investment - linked insurance	62,500	-	62,500
Annuity insurance	-	27	27
	<u>4,509,106</u>	<u>27</u>	<u>4,509,133</u>
Less ceded unearned premium reserve			
Individual life insurance	16,630	-	16,630
Individual injury insurance	1,778	-	1,778
Individual health insurance	33,812	-	33,812
Group insurance	4,596	-	4,596
Investment - linked insurance	<u>4,958</u>	<u>-</u>	<u>4,958</u>
	<u>61,774</u>	<u>-</u>	<u>61,774</u>
Net amount	<u>\$ 4,447,332</u>	<u>\$ 27</u>	<u>\$ 4,447,359</u>

Movement in unearned premium reserve is summarized below:

For the Year Ended December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 4,509,106	\$ 27	\$ 4,509,133
Reserve	4,699,476	11	4,699,487
Recover	(4,509,106)	(27)	(4,509,133)
Losses (gains) on foreign exchange	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Ending balance	<u>4,699,474</u>	<u>11</u>	<u>4,699,485</u>
Less ceded unearned premium reserve			
Beginning balance	61,774	-	61,774
Increase	67,427	-	67,427
Decrease	(61,774)	-	(61,774)
Losses (gains) on foreign exchange	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Ending balance	<u>67,418</u>	<u>-</u>	<u>67,418</u>
Net amount	<u>\$ 4,632,056</u>	<u>\$ 11</u>	<u>\$ 4,632,067</u>

For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 4,291,354	\$ 75	\$ 4,291,429
Reserve	4,509,108	27	4,509,135
Recover	(4,291,354)	(75)	(4,291,429)
Losses (gains) on foreign exchange	(2)	-	(2)
Ending balance	<u>4,509,106</u>	<u>27</u>	<u>4,509,133</u>
Less ceded unearned premium reserve			
Beginning balance	55,487	-	55,487
Increase	61,781	-	61,781
Decrease	(55,487)	-	(55,487)
Losses (gains) on foreign exchange	(7)	-	(7)
Ending balance	<u>61,774</u>	<u>-</u>	<u>61,774</u>
Net amount	<u>\$ 4,447,332</u>	<u>\$ 27</u>	<u>\$ 4,447,359</u>

c. Reserve for claims

December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	\$ 167,345	\$ 31,109	\$ 198,454
Unreported claim	553	-	553
Individual injury insurance			
Reported but not paid claim	43,547	-	43,547
Unreported claim	546,033	-	546,033
Individual health insurance			
Reported but not paid claim	130,114	-	130,114
Unreported claim	985,368	-	985,368
Group insurance			
Reported but not paid claim	81,546	-	81,546
Unreported claim	466,506	-	466,506
Investment - linked insurance			
Reported but not paid claim	101,716	-	101,716
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	3,801	47,901	51,702
Unreported claim	-	31	31
	<u>2,526,529</u>	<u>79,041</u>	<u>2,605,570</u>

(Continued)

	December 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Less ceded reserve for claims			
Individual life insurance	\$ 3,781	\$ -	\$ 3,781
Individual injury insurance	-	-	-
Individual health insurance	15,223	-	15,223
Group insurance	<u>1,500</u>	<u>-</u>	<u>1,500</u>
	<u>20,504</u>	<u>-</u>	<u>20,504</u>
Net amount	<u>\$ 2,506,025</u>	<u>\$ 79,041</u>	<u>\$ 2,585,066</u>

(Concluded)

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	\$ 173,157	\$ 3,935	\$ 177,092
Unreported claim	2,260	-	2,260
Individual injury insurance			
Reported but not paid claim	42,446	-	42,446
Unreported claim	532,065	-	532,065
Individual health insurance			
Reported but not paid claim	114,688	-	114,688
Unreported claim	988,920	-	988,920
Group insurance			
Reported but not paid claim	98,924	-	98,924
Unreported claim	446,078	-	446,078
Investment - linked insurance			
Reported but not paid claim	19,724	-	19,724
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	41,382	41,382
Unreported claim	<u>-</u>	<u>64</u>	<u>64</u>
	<u>2,418,262</u>	<u>45,381</u>	<u>2,463,643</u>
Less ceded reserve for claims			
Individual life insurance	2,274	-	2,274
Individual injury insurance	2,237	-	2,237
Individual health insurance	10,304	-	10,304
Group insurance	<u>6,000</u>	<u>-</u>	<u>6,000</u>
	<u>20,815</u>	<u>-</u>	<u>20,815</u>
Net amount	<u>\$ 2,397,447</u>	<u>\$ 45,381</u>	<u>\$ 2,442,828</u>

Movement in reserve for claims is summarized below:

For the Year Ended December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 2,418,262	\$ 45,381	\$ 2,463,643
Reserve	2,527,055	79,070	2,606,125
Recover	(2,418,262)	(45,381)	(2,463,643)
Losses (gains) on foreign exchange	<u>(526)</u>	<u>(29)</u>	<u>(555)</u>
Ending balance	<u>2,526,529</u>	<u>79,041</u>	<u>2,605,570</u>
Less ceded unearned premium reserve			
Beginning balance	20,815	-	20,815
Increase	20,506	-	20,506
Decrease	(20,815)	-	(20,815)
Losses (gains) on foreign exchange	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Ending balance	<u>20,504</u>	<u>-</u>	<u>20,504</u>
Net amount	<u>\$ 2,506,025</u>	<u>\$ 79,041</u>	<u>\$ 2,585,066</u>

For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 2,061,831	\$ 163,516	\$ 2,225,347
Reserve	2,418,602	45,507	2,464,109
Recover	(2,061,831)	(163,516)	(2,225,347)
Losses (gains) on foreign exchange	<u>(340)</u>	<u>(126)</u>	<u>(466)</u>
Ending balance	<u>2,418,262</u>	<u>45,381</u>	<u>2,463,643</u>
Less ceded unearned premium reserve			
Beginning balance	13,755	-	13,755
Increase	20,815	-	20,815
Decrease	<u>(13,755)</u>	<u>-</u>	<u>(13,755)</u>
Ending balance	<u>20,815</u>	<u>-</u>	<u>20,815</u>
Net amount	<u>\$ 2,397,447</u>	<u>\$ 45,381</u>	<u>\$ 2,442,828</u>

China Life Insurance's reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. China Life Insurance's legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment, such as, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

d. Special reserve

December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	\$ 7,747,818	\$ -	\$ 7,747,818
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,747,818</u>	<u>\$ -</u>	<u>\$ 7,747,818</u>
December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	\$ 6,633,515	\$ -	\$ 6,633,515
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,633,515</u>	<u>\$ -</u>	<u>\$ 6,633,515</u>

Movement in special reserve is summarized below:

For the Years Ended December 31		
	2021	2020
	Insurance Contract	Insurance Contract
Beginning balance	\$ 6,633,515	\$ 6,907,466
Reserve for participating policy dividend revenue	2,822,982	1,633,619
Recover for participating policy dividend revenue	(1,829,657)	(1,902,200)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	<u>120,978</u>	<u>(5,370)</u>
Ending balance	<u>\$ 7,747,818</u>	<u>\$ 6,633,515</u>

e. Special capital reserve for major incidents and fluctuation of risks

December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 2,107	\$ -	\$ 2,107
Individual injury insurance	913,200	-	913,200
Individual health insurance	2,831,791	-	2,831,791
Group insurance	3,493,939	-	3,493,939
Annuity insurance	-	390	390
	<u>\$ 7,241,037</u>	<u>\$ 390</u>	<u>\$ 7,241,427</u>

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 2,028	\$ -	\$ 2,028
Individual injury insurance	884,209	-	884,209
Individual health insurance	2,673,733	-	2,673,733
Group insurance	3,360,666	-	3,360,666
Annuity insurance	-	476	476
	<u>\$ 6,920,636</u>	<u>\$ 476</u>	<u>\$ 6,921,112</u>

f. Premium deficiency reserve

December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 2,326,325	\$ -	\$ 2,326,325
Individual health insurance	109,009	-	109,009
	<u>\$ 2,435,334</u>	<u>\$ -</u>	<u>\$ 2,435,334</u>

	December 31, 2020		
	Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total
Individual life insurance	\$ 4,023,859	\$ -	\$ 4,023,859
Individual health insurance	<u>116,132</u>	<u>-</u>	<u>116,132</u>
	<u>\$ 4,139,991</u>	<u>\$ -</u>	<u>\$ 4,139,991</u>

Premium deficiency reserve was not ceded in the above insurance contracts of China Life Insurance.

Movement in premium deficiency reserve is summarized as below:

	For the Year Ended December 31, 2021		
	Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total
Beginning balance	\$ 4,139,991	\$ -	\$ 4,139,991
Reserve	521,115	-	521,115
Recover	(2,154,772)	-	(2,154,772)
Losses (gains) on foreign exchange	<u>(71,000)</u>	<u>-</u>	<u>(71,000)</u>
Ending balance	<u>\$ 2,435,334</u>	<u>\$ -</u>	<u>\$ 2,435,334</u>

	For the Year Ended December 31, 2020		
	Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total
Beginning balance	\$ 6,627,546	\$ -	\$ 6,627,546
Reserve	862,173	-	862,173
Recover	(3,268,916)	-	(3,268,916)
Losses (gains) on foreign exchange	<u>(80,812)</u>	<u>-</u>	<u>(80,812)</u>
Ending balance	<u>\$ 4,139,991</u>	<u>\$ -</u>	<u>\$ 4,139,991</u>

g. Other reserve

December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	<u>\$ 18,732,835</u>	<u>\$ -</u>	<u>\$ 18,732,835</u>
December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	<u>\$ 19,073,989</u>	<u>\$ -</u>	<u>\$ 19,073,989</u>

Movement in other reserve is summarized as below:

For the Year Ended December 31, 2021			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 19,073,989	\$ -	\$ 19,073,989
Recover	<u>(341,154)</u>	<u>-</u>	<u>(341,154)</u>
Ending balance	<u>\$ 18,732,835</u>	<u>\$ -</u>	<u>\$ 18,732,835</u>
For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 19,467,292	\$ -	\$ 19,467,292
Recover	<u>(393,303)</u>	<u>-</u>	<u>(393,303)</u>
Ending balance	<u>\$ 19,073,989</u>	<u>\$ -</u>	<u>\$ 19,073,989</u>

Note: The amount is transferred from the acquisition of a partial traditional insurance policies of Allianz Life Insurance on May 18, 2018.

h. Liability adequacy reserve

	Insurance Contract and Financial Instruments with Discretionary Participation Feature	
	December 31	
	2021	2020
Reserve for life insurance liabilities	\$ 1,952,319,390	\$ 1,859,718,972
Unearned premium reserve	4,699,485	4,509,133
Premium deficiency reserve	2,435,334	4,139,991
Special reserve	7,747,818	6,633,515
Other reserve	<u>18,732,835</u>	<u>19,073,989</u>
Book value of insurance liabilities	<u>\$ 1,985,934,862</u>	<u>\$ 1,894,075,600</u>
Estimated present value of cash flows	<u>\$ 1,573,602,103</u>	<u>\$ 1,465,210,122</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

China Life Insurance's liability adequacy testing methodology is listed as follows:

December 31, 2021	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2020), and discount rates were evaluated with consideration of current information.
December 31, 2020	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2019), and discount rates were evaluated with consideration of current information.

i. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

China Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	For the Years Ended December 31	
	2021	2020
Beginning balance	\$ 4,023,007	\$ 2,367,039
Reserve		
Compulsory reserve	1,997,251	2,334,944
Extra reserve	<u>1,003,823</u>	<u>5,609,102</u>
	3,001,074	7,944,046
Recover	<u>(3,672,957)</u>	<u>(6,288,078)</u>
Ending balance	<u>\$ 3,351,124</u>	<u>\$ 4,023,007</u>

3) Effects due to foreign exchange valuation reserve of China Life Insurance

Item	For the Year Ended December 31, 2021		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 28,002,732	\$ 28,540,238	\$ 537,506
Earnings per share (dollar)	5.69	5.80	0.11
Foreign exchange valuation reserve	-	3,351,124	3,351,124
Equity	178,347,549	177,009,712	(1,337,837)

Item	For the Year Ended December 31, 2020		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 16,872,610	\$ 15,547,836	\$ (1,324,774)
Earnings per share (dollar)	3.43	3.16	(0.27)
Foreign exchange valuation reserve	-	4,023,007	4,023,007
Equity	181,532,548	179,657,205	(1,875,343)

33. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss were \$696,837 thousand and \$635,366 thousand for the years ended December 31, 2021 and 2020, respectively.

The Corporation’s foreign subsidiaries recognized their contributions as pension expenses in accordance with their local laws and regulation and amounting to \$2,181 thousand and \$2,716 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Defined benefit plans

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

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

KGI Securities and domestic subsidiaries contributes monthly an amount equal to 2% of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KGI assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Bank places its monthly contributions to the non-managers' pension fund at authorized ratios in the Employees' Pension Reserve, which is deposited in the Bank of Taiwan. Managers' pension funds are managed by the Employee Retirement Fund Management Committee and deposited in KGI Bank's Zhonghe Branch in the committee's name. Before the end of each year, KGI Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year.

China Life Insurance adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. China Life Insurance contributes monthly a proportion amount of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, China Life Insurance assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, China Life Insurance is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 3,389,240	\$ 3,379,741
Fair value of plan assets	<u>(2,019,685)</u>	<u>(2,168,700)</u>
Net defined benefit liabilities	<u>\$ 1,369,555</u>	<u>\$ 1,211,041</u>

Movements in net defined benefit liabilities (assets) were as follows:

The Group

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2021	<u>\$ 3,379,741</u>	<u>\$ (2,168,700)</u>	<u>\$ 1,211,041</u>
Service cost			
Current service cost	18,993	-	18,993
Net interest expense (income)	<u>14,400</u>	<u>(9,444)</u>	<u>4,956</u>
Recognized in profit or loss	<u>33,393</u>	<u>(9,444)</u>	<u>23,949</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,395)	(11,395)
Actuarial loss - changes in demographic assumptions	51,807	-	51,807
Actuarial gain - changes in financial assumptions	(41,387)	-	(41,387)
Actuarial loss (gain) - experience adjustments	<u>322,100</u>	<u>(9,112)</u>	<u>312,988</u>
Recognized in other comprehensive income	<u>332,520</u>	<u>(20,507)</u>	<u>312,013</u>
Contributions from the employer	-	(177,318)	(177,318)
Benefits paid	(356,284)	356,284	-
Change in exchange rate	<u>(130)</u>	<u>-</u>	<u>(130)</u>
Balance at December 31, 2021	<u>\$ 3,389,240</u>	<u>\$ (2,019,685)</u>	<u>\$ 1,369,555</u>
Balance at January 1, 2020	<u>\$ 3,169,236</u>	<u>\$ (2,126,435)</u>	<u>\$ 1,042,801</u>
Service cost			
Current service cost	15,412	-	15,412
Past service cost	1,515	-	1,515
Net interest expense (income)	<u>25,387</u>	<u>(17,539)</u>	<u>7,848</u>
Recognized in profit or loss	<u>42,314</u>	<u>(17,539)</u>	<u>24,775</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,655)	(26,655)
Actuarial loss - changes in demographic assumptions	46,422	-	46,422
Actuarial loss - changes in financial assumptions	147,831	-	147,831
Actuarial loss (gain)- experience adjustments	<u>132,203</u>	<u>(19,417)</u>	<u>112,786</u>
Recognized in other comprehensive income	<u>326,456</u>	<u>(46,072)</u>	<u>280,384</u>
Contributions from the employer	-	(136,803)	(136,803)
Benefits paid	(158,149)	158,149	-
Change in exchange rate	<u>(116)</u>	<u>-</u>	<u>(116)</u>
Balance at December 31, 2020	<u>\$ 3,379,741</u>	<u>\$ (2,168,700)</u>	<u>\$ 1,211,041</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

The Corporation

	Valuation at December 31	
	2021	2020
Discount rates	0.45%	0.25%
Expected rates of salary increase	2.50%	2.50%

CDIB Capital Group and subsidiaries

	Valuation at December 31	
	2021	2020
Discount rates	0.45%	0.25%
Expected rates of salary increase	2.50%	2.50%

KGI and subsidiaries

	Valuation at December 31	
	2021	2020
Discount rates	0.48%-7.00%	0.31%-6.50%
Expected rates of salary increase	2.00%-4.00%	2.00%-4.00%

KGI Bank and subsidiaries

	Valuation at December 31	
	2021	2020
Discount rates	0.450%-0.625%	0.250%-0.500%
Expected rates of salary increase	2.500%-3.000%	2.500%-3.000%

China Life Insurance

	Valuation at December 31	
	2021	2020
Discount rates	0.80%	0.45%
Expected rates of salary increase	0.00%-2.29%	0.00%-1.58%

China Development Asset Management Corporation

	Valuation at December 31	
	2021	2020
Discount rates	0.45%	0.25%
Expected rates of salary increase	2.50%	2.50%

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

The Group

	December 31	
	2021	2020
Discount rate(s)		
0.25-0.50% increase	<u>\$ (154,922)</u>	<u>\$ (155,951)</u>
0.25-0.50% decrease	<u>\$ 165,693</u>	<u>\$ 167,136</u>
Expected rate(s) of salary increase		
0.25-1.00% increase	<u>\$ 191,587</u>	<u>\$ 182,533</u>
0.25-1.00% decrease	<u>\$ (177,398)</u>	<u>\$ (168,740)</u>

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 145,585</u>	<u>\$ 93,035</u>
The average duration of the defined benefit obligation	7.00-16.25 years	6.29-17.23 years

34. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Separate-account product liabilities	\$ 101,041,555	\$ 84,564,106
Customers' equity accounts - futures	49,718,102	52,541,011
Principal received on structured products	21,163,514	25,792,877
Others	<u>-</u>	<u>354,235</u>
	<u>\$ 171,923,171</u>	<u>\$ 163,252,229</u>

35. EQUITY

a. Capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)(Note)	<u>25,000,000</u>	<u>20,000,000</u>
Shares authorized	<u>\$ 250,000,000</u>	<u>\$ 200,000,000</u>
Number of shares issued and fully paid (in thousands)(Note)		
Common stock	<u>17,192,777</u>	<u>14,973,271</u>
Preferred stock	<u>1,893,044</u>	<u>-</u>
Shares issued	<u>\$ 190,858,209</u>	<u>\$ 149,732,712</u>

Note: Par value of NT\$10.

The Corporation's issuance of new restricted employee shares was approved by the Financial Supervisory Commission. In 2021, the Corporation issued 109,991 thousand common shares, with a par value of NT\$10. On November 19, 2021, the Corporation's board of the directors approved the record date for the capital increase as December 1, 2021.

On October 1, 2021, in order to meet the scale of capital needs for the future, the Corporation's extraordinary general shareholders' meeting amended the Articles of Incorporation which increased the Corporation's authorized capital from \$200,000,000 thousand to \$250,000,000 thousand, and increase the Corporation's authorized capital shares from 20,000,000 thousand shares to 25,000,000 thousand shares. The Corporation's extraordinary general shareholders' meeting also approved the acquisition of China Life Insurance through a share swap. Thus, China Life Insurance became the Corporation's 100%-owned subsidiary. According to the share swap agreement, the Corporation issued 2,074,568 thousand newly common shares and 1,893,044 thousand preferred shares, with a par value of NT\$10. On November 16, 2021, the Corporation's board of the directors approved the record date for the capital increase as December 31, 2021.

Issuance of preferred shares

On October 1, 2021, the Corporation adopted a resolution of the extraordinary shareholders' meeting to take China Life Insurance as a 100%-owned subsidiary through share conversion. The Corporation issued 1,893,044 thousand preferred shares B, with a par value of NT\$10. The issue price is NT\$10 per share. According to the resolution of the board of directors was November 16, 2021, the date of the capital increase was December 30, 2021; the preferred shares are classified under equity. The rights and obligations are as follows:

- 1) If the Corporation has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled.
- 2) The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAIFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, the Corporation will decide in good faith and based on reasonable market conditions.
- 3) The dividend on the preferred shares is paid annually in cash after the board of directors set the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
- 4) The Corporation has the discretion to distribute dividends on the preferred shares. If the Corporation has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Corporation's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Corporation may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent.
- 5) The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years.
- 6) The preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares, except for receiving the dividends set forth in 2).
- 7) The preferred shareholders shall have priority in the distribution of the residual property of the Corporation over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.
- 8) The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.
- 9) Preferred shares shall not be converted into common shares.

10) The preferred shares issued by the Corporation have no expiration date and the preferred shareholders have no right to require the Corporation to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Corporation may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Corporation decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.

11) When the Corporation issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.

b. Capital surplus

	December 31	
	2021	2020
Additional paid-in capital	\$ 15,559,230	\$ -
Arising from treasury stock transactions	1,682,294	1,468,147
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	18,483,237	80,994
Others	<u>422,719</u>	<u>78,587</u>
	<u>\$ 36,147,480</u>	<u>\$ 1,627,728</u>

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

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital or according to Rule No. 09900738571 issued by FSC, the Corporation reclassified the legal reserve which exceed paid-in capital, then reversed the surpass part to retained earnings in line with the approval of FSC.

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

When transitioning to IFRSs, the Corporation recognizes or reserves special revenue, under Rule No. 1010012865 issued by the FSC, Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

d. Appropriation of earnings

Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Corporation adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Corporation made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period shall be used as the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining is subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the Board of Directors and resolved in the annual general shareholders meeting.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The appropriation of earnings of 2020 and 2019 was approved in the shareholders' meeting on July 20, 2021 and June 12, 2020 as follows:

	Earnings Appropriation		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
<u>Earnings appropriation</u>				
Legal reserve	\$ 1,219,648	\$ 1,254,763		
Appropriation (reversal) of special reserve	3,790	(10,232,858)		
Cash dividends	8,244,420	8,982,659	\$0.55	\$0.6

Related information can be accessed at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Non-controlling interests

	For the Years Ended December 31	
	2021	2020
Beginning balance	\$ 129,889,979	\$ 108,940,026
Attributable to non-controlling interests		
Share of profit for the year	12,056,044	8,021,009
Exchange differences on translation of financial statements of foreign operations ⁴⁰⁰	3,819	(29,595)
Actual losses arising from defined benefit plans	(11,495)	(27,850)
Gain on equity instruments measured at FVTOCI	1,271,896	5,197,154
Gain (loss) on debt instrument measured at FVTOCI	(16,327,592)	11,839,468
Other comprehensive income (loss) reclassified using the overlay approach	397,939	(356,639)
Effect of changes on consolidated subsidiary	-	(312,981)
Reduction of cash capital by subsidiaries	-	(2,961,375)
Payment of cash dividends by subsidiaries	(846,724)	(1,806,361)
Changes in percentage of ownership interests in subsidiaries	(127,956,347)	-
Changes in non-controlling interests arising from paying dividends to subsidiaries	-	219,973
Disposal the Corporation shares	1,896,155	1,164,350
Others	(43,260)	2,800
Ending balance	<u>\$ 330,414</u>	<u>\$ 129,889,979</u>

36. SUBSIDIARY INFORMATION OF NON-CONTROLLING INTERESTS

Subsidiaries	The Main Place of Business	Non-controlling Interests Held by the Proportion of Equity December 31, 2020
China Life Insurance	Taipei	65.18%
		Net Income Attributed to Non-controlling Interests
		For the Year Ended December 31, 2020
China Life Insurance		<u>\$ 7,982,781</u>

	Non-controlling Interests
	December 31, 2020
China Life Insurance	<u>\$ 129,573,647</u>

The following aggregated financial information was prepared based on the amount before the intercompany transaction sales, and it has reflected the impact of the purchase method when the Corporation acquired China Life Insurance.

China Life Insurance

	December 31, 2020
Total assets	\$ 2,241,243,129
Total liabilities	<u>2,043,455,904</u>
Equity	<u>\$ 197,787,225</u>
Equity attributable to:	
Owners of parent	\$ 68,213,578
Non-controlling interest	<u>129,573,647</u>
	<u>\$ 197,787,225</u>
	For the Year Ended December 31, 2020
Revenue	<u>\$ 320,010,492</u>
Net profit for the period	\$ 12,247,155
Other comprehensive income	<u>25,500,843</u>
Total comprehensive income	<u>\$ 37,747,998</u>
Net profit attributable to:	
Owners of parent	\$ 4,264,374
Non-controlling interest	<u>7,982,781</u>
	<u>\$ 12,247,155</u>
Comprehensive income attributable to:	
Owners of parent	\$ 13,143,589
Non-controlling interest	<u>24,604,409</u>
	<u>\$ 37,747,998</u>

(Continued)

	For the Year Ended December 31, 2020
Cash flows	
From operating activities	\$ 156,538,868
From investing activities	(148,265,239)
From financing activities	<u>7,175,163</u>
Net increase in cash	<u>\$ 15,448,792</u>
Dividend payment to non-controlling interests	<u>\$ 1,745,638</u> (Concluded)

37. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the year ended <u>December 31, 2021</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common Stock	<u>126,329</u>	<u>340,417</u>	<u>126,329</u>	<u>340,714</u>
Preferred Stock	<u>-</u>	<u>310,901</u>	<u>-</u>	<u>310,901</u>
For the year ended <u>December 31, 2020</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	<u>378,493</u>	<u>-</u>	<u>252,164</u>	<u>126,329</u>

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition were treated as treasury stock. KGI Securities entered into a trust contract with China Trust Commercial Bank (CTBC) in September 2018, and entrusted shares of Capital Securities Corporation to CTBC. During the contract period, the trustee, CTBC, would deal with the shares in accordance with the contract. CTBC had finished the deal in December 2020. For the year ended 2021, China Life Insurance became the Corporation's 100% owned subsidiary through a share swap. KGI Securities held the Corporation's shares. The Corporation converted the shares into treasury shares at the price of the share conversion. The market price of the shares was \$8,944,032 thousand on December 31, 2021. The Corporation's shares held by China Life Insurance are also treated as treasury stock and recognized at book value based on the proportion of shares acquired on the date of acquisition. China Life Insurance completed the deal in May 2021. The market price of the shares was \$1,174,857 thousand on December 31, 2020.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

38. INTEREST PROFIT, NET

	For the Years Ended December 31	
	2021	2020
<u>Interest revenues</u>		
Securities	\$ 55,682,962	\$ 57,857,759
Discounts and loans	9,913,791	10,424,471
Others	<u>3,628,475</u>	<u>4,061,641</u>
	<u>69,225,228</u>	<u>72,343,871</u>
<u>Interest expenses</u>		
Deposits	1,720,824	3,100,952
Corporate bonds	729,481	394,084
Notes and bonds issued under repurchase agreements	348,036	929,976
Borrowing interest expense	246,216	388,190
Bank debentures	181,717	226,316
Others	<u>346,691</u>	<u>600,400</u>
	<u>3,572,965</u>	<u>5,639,918</u>
Interest profit, net	<u>\$ 65,652,263</u>	<u>\$ 66,703,953</u>

39. SERVICE FEE AND COMMISSION, NET

	For the Years Ended December 31	
	2021	2020
<u>Service fee revenue and commission income</u>		
Brokerage	\$ 16,415,959	\$ 12,159,002
Security lending	1,396,380	808,424
Trust	1,050,061	741,687
Commission income - insurance	514,016	462,127
Others	<u>2,889,232</u>	<u>2,461,351</u>
	<u>22,265,648</u>	<u>16,632,591</u>
<u>Service fee expense and commission expense</u>		
Commission expense - insurance	10,910,098	8,859,808
Brokerage	2,693,460	1,856,834
Others	<u>2,671,362</u>	<u>3,055,133</u>
	<u>16,274,920</u>	<u>13,771,775</u>
Service fee and commission, net	<u>\$ 5,990,728</u>	<u>\$ 2,860,816</u>

40. NET INCOME FROM INSURANCE OPERATIONS

	For the Years Ended December 31	
	2021	2020
<u>Insurance business income</u>		
Premium income	\$ 199,992,701	\$ 244,262,124
Reinsurance premium expense	(1,533,969)	(1,436,951)
Changes in unearned premium reserve	<u>(184,701)</u>	<u>(211,412)</u>
Retained earned premium	198,274,031	242,613,761
Separate-account insurance products revenues	<u>11,535,847</u>	<u>9,521,558</u>
	<u>209,809,878</u>	<u>252,135,319</u>
<u>Insurance business expense</u>		
Insurance claim payments	(133,876,216)	(108,542,178)
Claims recovered from reinsures	<u>826,668</u>	<u>747,249</u>
Retained claim payments	(133,049,548)	(107,794,929)
Brokerage expense	(6,968)	(8,198)
Disbursements toward industry stability fund	(339,309)	(412,394)
Changes in foreign exchange valuation reserve	671,883	(1,655,968)
Separate-account insurance products expenses	<u>(11,535,847)</u>	<u>(9,521,558)</u>
	<u>(144,259,789)</u>	<u>(119,393,047)</u>
Insurance business, net	<u>\$ 65,550,089</u>	<u>\$ 132,742,272</u>

41. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Years Ended December 31	
	2021	2020
Stocks	\$ 30,978,858	\$ 17,023,045
Derivatives	13,711,731	14,295,997
Operating securities	5,573,320	6,639,505
Bonds	(1,898,609)	3,058,664
Mutual funds	484,170	5,615,392
Others	<u>767,783</u>	<u>3,092,667</u>
	<u>\$ 49,617,253</u>	<u>\$ 49,725,270</u>

For the years ended December 31, 2021 and 2020, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$2,857,374 thousand and \$3,182,919 thousand, respectively, dividend income of \$11,186,807 thousand and \$11,261,366 thousand, respectively and interest expense of \$436,782 thousand and \$758,748 thousand, respectively.

42. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Years Ended December 31	
	2021	2020
Gain on bond disposal	\$ 16,712,114	\$ 8,614,283
Dividend income	1,855,323	1,238,830
Others	<u>3,341</u>	<u>11,118</u>
	<u>\$ 18,570,778</u>	<u>\$ 9,864,231</u>

43. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Years Ended December 31	
	2021	2020
Employee benefit expense		
Salaries and wages	\$ 17,988,652	\$ 14,435,157
Employee insurance	1,212,645	1,093,369
Pension	722,967	693,285
Others	<u>2,331,660</u>	<u>1,331,773</u>
	<u>\$ 22,255,924</u>	<u>\$ 17,553,584</u>
Depreciation and amortization expenses	<u>\$ 3,631,430</u>	<u>\$ 3,454,115</u>

The Company's Articles of Incorporation stipulate to distribute compensation of employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors and supervisors. For the years ended December 31, 2021 and 2020, the compensation of employees was \$357,000 and \$134,000 thousand. The remuneration of directors and supervisors was \$355,000 and 133,000 thousand.

The compensation of employees and remuneration to directors and supervisors for 2020 and 2019 which have been approved by the board of directors on March 22, 2021 and March 30, 2020, respectively, were as follows. The compensation of employees and remuneration of directors and supervisors for 2020 and 2019 which were reported in the shareholders meeting on July 20, 2021 and June 12, 2020, respectively.

	For the Years Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 134,000	\$ 127,000
Remuneration of directors and supervisors	133,000	126,000

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

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

The information on the proposed and approved compensation to employees and directors and supervisor is available at the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

44. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The principle adopted by the Group under the linked-tax system is to reduce the income tax liabilities of the Group and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Group. The Group adopt the linked-tax system for tax filings. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation with its qualified subsidiaries are allocated and adjusted to income tax expense/benefit on the Corporation and each subsidiary pro rata; related amounts are recognized as receivables from parent or payable on parent.

a. Income tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Years Ended December 31	
	2021	2020
Current income tax		
Current period	\$ 5,579,951	\$ 4,802,305
Prior years	(233,664)	(137,932)
Income tax on unappropriated earnings	136,820	658,208
Others	686	(164,787)
	<u>5,483,793</u>	<u>5,157,794</u>
Deferred income tax	<u>(383,569)</u>	<u>(3,885,687)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,100,224</u>	<u>\$ 1,272,107</u>

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

	For the Years Ended December 31	
	2021	2020
Income tax expenses at the statutory rate	\$ 10,439,940	\$ 4,389,679
Effect of different tax rates of group entities operating in other jurisdictions	266,886	130,522
Permanent differences	(7,084,109)	(5,198,662)
Unrecognized temporary differences	(249,542)	(41,053)
Loss carryforwards	-	4,802
Prior year's adjustments	(235,599)	(137,932)
Additional income tax under the Alternative Minimum Tax Act	1,400,043	1,281,430
Income tax on unappropriated earnings	136,820	658,208
Others	<u>425,785</u>	<u>185,113</u>
	<u>\$ 5,100,224</u>	<u>\$ 1,272,107</u>

- c. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Years Ended December 31	
	2021	2020
Current income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	\$ 194,549	\$ (38,858)
Deferred income tax		
(Gain) loss on debt instruments at fair value through other comprehensive income	(6,151,535)	3,261,415
(Gain) loss on equity instruments at fair value through other comprehensive income	(937,414)	806,442
Actuarial gain (loss) on defined benefit plans	(46,476)	(45,277)
(Gain) loss on reclassification using the overlay approach	<u>(474,694)</u>	<u>(363,608)</u>
Income tax expense (benefit)	<u>\$ (7,415,570)</u>	<u>\$ 3,620,114</u>

- d. Income tax expense (benefit) recognized in equity were as follows:

	For the Years Ended December 31	
	2021	2020
Current income tax		
Disposal of equity instruments at fair value through other comprehensive income	\$ (86,626)	\$ (62,300)
Income tax of participating insurance recognized in equity	(24,195)	-
Deferred income tax		
Gain (loss) on equity instruments at fair value through other comprehensive income	86,626	62,300
Deferred income tax related to tax losses and reversals	<u>-</u>	<u>(14,395)</u>
Income tax benefit	<u>\$ (24,195)</u>	<u>\$ (14,395)</u>

- e. Deferred tax assets and liabilities

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Unrealized loss on foreign exchange	\$ 11,358,097	\$ 10,662,456
Loss carryforwards	6,221	34,878
Allowance for bad debts	491,301	516,110
Financial products valuation	1,602,195	690,395
Others	<u>545,466</u>	<u>496,126</u>
	<u>\$ 14,003,280</u>	<u>\$ 12,399,965</u>

(Continued)

	December 31	
	2021	2020
<u>Deferred tax liabilities</u>		
Financial products valuation	\$ 2,861,521	\$ 8,984,327
Purchase policy value	2,344,257	2,410,751
Goodwill	986,155	986,154
Investment property	1,151,968	1,106,173
Debt instruments measured at amortized cost	603,277	709,738
Land value increment tax	533,346	768,050
Others	<u>527,100</u>	<u>346,177</u>
	<u>\$ 9,007,624</u>	<u>\$ 15,311,370</u>
		(Concluded)

f. Income tax assessments

The Corporation's income tax returns through 2016 had been examined by the tax authorities. The Corporation did not agree with the assessment of the taxes in 2015, and was in the process of administrative remedy.

The income tax returns of KGI bank through 2016 had been examined by the tax authorities. The income tax returns of CDIB Management Consulting Corporation and CDC Finance & Leasing Corp. through 2019 had been examined by the tax authorities.

The income tax returns of KGI Securities through 2016 had been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes in 2015 and 2016, and was in the process of administrative remedy.

The income tax returns of KGI Futures Co., KGI Securities Investment Trust Co., Ltd. and KGI Venture Capital Co., Ltd., through 2019 had been examined by the tax authorities.

The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Securities Investment Advisory Co., Ltd. and KGI Information Technology Co., Ltd. through 2020 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2016 had been examined by the tax authorities.

The income tax returns of CDIB Capital Management Inc., through 2019 had been examined by the tax authorities. The income tax returns of CDIB Venture Capital Corp. through 2018 had been examined by the tax authorities.

The income tax returns of China Development Asset Management Corp.(formerly CHG3) through 2019 had been examined by the tax authorities. The income tax returns of CHG4 and Development Industrial Bank Asset Management Corp. through 2018 had been examined by the tax authorities. The income tax returns of formerly China Development Asset Management Corp. through 2017 and 2019 had been examined by the tax authorities.

China Life Insurance's the income tax returns through 2019 had been examined by the tax authorities.

45. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020
Basic EPS	<u>\$ 2.34</u>	<u>\$ 0.87</u>
Diluted EPS	<u>\$ 2.34</u>	<u>\$ 0.87</u>

The earnings and weighted average number of common shares outstanding in the computation of EPS were as follows:

Net Profit for the Period

	For the Years Ended December 31	
	2021	2020
Earnings used in the computation of EPS	<u>\$ 35,043,431</u>	<u>\$ 12,655,277</u>

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Years Ended December 31	
	2021	2020
Weighted average number of common shares outstanding in computation of basic EPS	14,969,971	14,615,571
Effect of dilutive potentially common shares:		
Employee share options	9,799	7,767
Restricted shares	<u>-</u>	<u>31</u>
Weighted average number of common shares outstanding in computation of diluted EPS	<u>14,979,770</u>	<u>14,623,369</u>

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 and 11,088 thousand options on conversion date, September 15, 2014. Each option entitles the holder to subscribe for one common share of the Corporation. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now. The unexercised units of the options granted have passed its expiration date in May and August 2021, respectively.

Besides, the Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Corporation. The options granted are valid for 7 years and exercisable 2 years after the issuance date. The unexercised units of the options granted in October 2014 have passed its expiration date in October 2021.

For any subsequent changes in the Corporation's issued common stocks, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Years Ended December 31			
	2021		2020	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	44,109	\$ 6.92	50,514	\$ 7.33
Options exercised	(34,947)	6.83	(4,864)	7.11
Options invalid	<u>(9,167)</u>	6.92	<u>(1,541)</u>	7.11
Balance at December 31	<u>-</u>		<u>44,109</u>	6.92
Options exercisable, end of period	<u>-</u>		<u>44,109</u>	6.92
Weighted-average remaining contractual life (years)	-		0.58	

The weighted-average share price at the date of exercise of share options for the years ended December 31, 2021 and 2020 were \$12.07 and \$9.80, respectively.

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	\$9.54-\$10
Exercise price	\$7.68-\$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the years ended December 31, 2021 and 2020 were \$0 thousand and \$16 thousand, respectively.

b. Issuance of restricted shares

The board of directors of the Corporation has decided to issue restricted shares for \$13,216 thousand in total, and with a par value of \$10 per share, i.e., a total of 1,322 thousand shares at issue price of \$0 (free issuance) on January 19, 2017. Further, the board of directors made January 25, 2017 as the record date for the issuance of shares.

On November 19, 2021, the board of directors of the Corporation has decided to issue restricted shares for \$1,099,910 thousand in total, and with a par value of 10 per share, i.e., a total of 109,991 thousand shares at issue price of \$0 (free issuance). Further, the board of directors made December 1, 2021 as the record date for the issuance of shares. The fair value of the stock on the grant date is measured by performance indicators.

The vesting portion of shares was measured according to the achievement of the performance indicators, and the vesting rate of the shares is 40%, 30% and 30% in installments. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees do not have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the years ended December 31, 2021 and 2020, the Corporation recognized \$37,910 thousand and \$0 thousand as compensation cost.

47. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In February 2021, the Corporation acquired 1,000,000 thousand ordinary shares of China Life Insurance through public tender offer, resulting in an increase of its equity interests in China Life Insurance from 34.82% to 55.95%. On December 30, 2021, the share conversion was completed, and each ordinary share of China Life Insurance was exchanged for 0.8 ordinary shares, 0.73 preferred shares and NT\$11.5 in cash, resulting in an increase in the combined shareholding ratio from 55.95% to 100%.

The above transactions were accounted for as equity transactions, since there is no change of the Group’s control over China Life Insurance.

	For the Year Ended December 31, 2021
Cash consideration received	\$ (48,524,164)
Shares consideration received	(46,163,849)
Changes in non-controlling interests	127,956,347
Reattribution of other equity to (from) non-controlling interests	
- exchange differences on translation of financial statements of foreign operations	46,118
- unrealized gain (loss) on financial assets at FVTOCI	(12,824,783)
- other comprehensive income reclassified using the overlay approach	(2,564,263)
Treasury shares	<u>476,837</u>
Differences recognized from equity transactions	<u>\$ 18,402,243</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus	<u>\$ 18,402,243</u>

48. RELATED-PARTY TRANSACTIONS

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

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Others	Other related parties

b. Significant transactions with related-parties

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

	Amount
December 31, 2021	\$ 9,201,707
December 31, 2020	10,851,339

- 2) Revenue receivable (recognized as receivables, net)

	Amount
December 31, 2021	\$ 482,423
December 31, 2020	572,760

- 3) Receivable on margin loans (recognized as receivables, net)

	Amount
December 31, 2021	\$ 67,513
December 31, 2020	36,243

- 4) Credit card receivable (recognized as receivables, net)

	Amount
December 31, 2021	\$ 20,006
December 31, 2020	16,218

- 5) Other receivables (recognized as receivables, net)

	Amount
December 31, 2021	\$ 20,306
December 31, 2020	9,757

6) Discounts and loans, net

KGI Bank

	Amount	Interest Rate (%)
December 31, 2021	\$ 993,280	0.00-10.99
December 31, 2020	1,029,731	0.00-15.00

For the years ended December 31, 2021 and 2020, the interest revenues from discounts and loans were \$12,561 thousand and \$14,705 thousand, respectively.

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	37	\$ 35,672	\$ 19,064	\$ 19,064	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	85	1,295,373	944,915	944,915	-	Real estate	Yes
Others	8	44,003	29,301	29,301	-	Real estate	Yes

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	44	\$ 38,964	\$ 16,992	\$ 16,992	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	86	1,324,357	1,002,832	1,002,832	-	Real estate	Yes
Others	8	16,259	9,907	9,907	-	Real estate	Yes

China Life Insurance

	Amount
December 31, 2021	\$ 5,451
December 31, 2020	22,602

7) Customer margin accounts (recognized as other financial assets)

	December 31	
	2021	2020
Other related parties	\$ 8,340	\$ 13,996

8) Other payables (recognized as payables)

	Amount
December 31, 2021	\$ 1,914,642
December 31, 2020	1,842,343

9) Deposits and remittances

	Amount	Interest Rate (%)
December 31, 2021	\$ 1,554,947	0-5.35
December 31, 2020	1,374,476	0-5.58

For the years ended December 31, 2021 and 2020, the interest expenses from deposits and remittances were \$7,049 thousand and \$9,148 thousand, respectively.

10) Unearned receipt (recognized as other liabilities)

	Amount
December 31, 2021	\$ 102,065
December 31, 2020	112,459

11) Brokerage handling fee revenue (recognized as service fee and commission, net)

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 29,127	\$ 17,999

12) Premium income (recognized as insurance business, net)

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 137,631	\$ 126,250

13) Lease income (recognized as other noninterest profits and gains, net)

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 20,133	\$ 7,997

14) Consulting service revenue (recognized as other noninterest profits and gains, net)

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 504,260	\$ 547,952

15) Donation (recognized as other general and administrative expense)

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 63,250	\$ 88,750

16) Gain (loss) on financial assets or liabilities measured at FVTPL-dividend income

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 228,934	\$ 244,314

17) Outstanding derivative financial instruments

KGI Securities

	December 31	
	2021	2020
	Contract Amount	Contract Amount
<u>Structured products liabilities</u>		
Other related parties	\$ 22,044	\$ 40,133

18) Compensation of key management personnel

	For the Years Ended December 31	
	2021	2020
Salary and short-term benefits	\$ 1,079,836	\$ 620,064
Post-employment benefits	4,530	2,005
Share-based payment	<u>4,860</u>	<u>-</u>
	<u>\$ 1,089,226</u>	<u>\$ 622,069</u>

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

- c. Related-party transactions were at costs or prices of at least NT\$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

Related Party	Relationship with the KGI Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

- 1) Futures contract (recognized as cash and cash equivalents)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 326,505	\$ 120,667

- 2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2021</u>		
Subsidiary of the parent company	\$ 4,399,624	\$ 61,000
<u>For the year ended December 31, 2020</u>		
Subsidiary of the parent company	2,500,000	129,000

- 3) Acquisition of property and equipment

	Price
<u>For the year ended December 31, 2021</u>	
Subsidiary of the parent company	\$ 410,000

- 4) Lease agreement

	For the Year Ended December 31, 2021
<u>Acquisition of right-of-use assets</u>	
Subsidiary of the parent company	\$ 2,294,586

**December 31,
2021**

Lease liabilities

Subsidiary of the parent company \$ 2,352,433

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

5) Payable on parent (recognized as current tax liabilities)

	December 31	
	2021	2020
Parent company	\$ 878,223	\$ 644,352

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

6) Payables from purchase of securities (recognized as payables)

	Amount
December 31, 2021	\$ 833,997

7) Deposits and remittances

	Amount	Interest Rate (%)
<u>December 31, 2021</u>		
Parent company	\$ 1,444,662	0-0.42
Subsidiary of the parent company	17,162,327	0-1.00
Other related parties	200,000	0.04-0.38

December 31, 2020

Parent company	14,837,864	0-0.65
Subsidiary of the parent company	11,341,397	0-2.28
Other related parties	250,000	0.38

8) Temporary receipts (recognized as other liabilities)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 1,662,596	\$ 2,045,386

The above account is temporary receipts of Automated Clearing House (ACH).

9) Service fee revenue

	For the Years Ended December 31	
	2021	2020
Subsidiary of the parent company	\$ 213,004	\$ 189,378

10) Outstanding derivative financial instrument

December 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	August 16, 2021-September 6, 2022	\$ 17,920,968	\$ (56,773)	Financial liabilities at FVTPL	\$ 56,773
	Cross-currency swap contracts	March 12, 2020-May 26, 2025	583,858	\$ (36,290)	Financial assets at FVTPL	12,199
					Financial liabilities at FVTPL	491

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2020-April 13, 2021	\$ 14,174,178	\$ (115,520)	Financial assets at FVTPL	\$ 2,294
					Financial liabilities at FVTPL	117,814
	Cross-currency swap contracts	March 12, 2020-May 26, 2022	590,470	47,999	Financial assets at FVTPL	47,999

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 321,426	\$ 836,736

2) Financial assets at fair value through profit and loss - current

	December 31	
	2021	2020
<u>Open ended fund and money market instruments and other securities</u>		
Other related parties	\$ 561,788	\$ 580,998
<u>Operating securities</u>		
Subsidiary of the parent company	4,849,990	4,849,985
Other related parties	1,935,719	1,737,214

3) Financial assets at fair value through other comprehensive income - current

	December 31, 2021
<u>Stocks</u>	
Parent company	\$ 8,944,032

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2021</u>		
Subsidiary of the parent company	\$ 61,000	\$ 4,399,624
<u>For the year ended December 31, 2020</u>		
Subsidiary of the parent company	129,000	10,740,400

5) Customer margin accounts

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 786,409	\$ 710,692

6) Account receivables

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 1,065,427	\$ 31,574
Other related parties	428,471	546,996

7) Amounts held for settlement (recognized as other current assets)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 4,139,173	\$ 343,145

8) Restricted assets (recognized as other current assets)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 4,794,468	\$ 1,916,446

9) Customers' equity accounts - futures

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 407,286	\$ 122,324

10) Payables

	December 31	
	2021	2020
Other related parties	\$ 423,877	\$ 547,761

11) Current tax liabilities

	December 31	
	2021	2020
Parent company	\$ 2,372,268	\$ 1,199,385

12) Interest revenue

	For the Year Ended December 31, 2021	
Subsidiary of the parent company	\$	130,950

13) Other operating revenue

	For the Years Ended December 31	
	2021	2020
Subsidiary of the parent company	\$ 212,041	\$ 290,597

- 14) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

**For the Year
Ended
December 31,
2020**

Parent company \$ 104,082

- 15) Other operating expense

**For the Year
Ended
December 31,
2020**

Subsidiary of the parent company \$ 155,762

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

- 1) Cash in banks (recognized as cash and cash equivalents)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 6,207,300	\$ 5,857,551

- 2) Receivables from parent (recognized as current tax assets)

	December 31	
	2021	2020
Parent company	\$ 218,787	\$ 240,257

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

- 3) Sale of property and equipment

	Price	Profit
<u>For the year ended December 31, 2021</u>		
Subsidiary of the parent company	\$ 410,000	\$ 232,347

4) Lease agreement

**For the Year
Ended
December 31,
2021**

Acquisition of right-of-use assets

Subsidiary of the parent company \$ 808,655

**December 31,
2021**

Lease liabilities

Subsidiary of the parent company \$ 790,103

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

5) Restricted assets (recognized as other current assets)

	December 31	
	2021	2020

Other related parties	\$ 1,336,960	\$ 1,139,294

6) Payables to parent (recognized as current tax liabilities)

	December 31	
	2021	2020

Parent company	\$ 636,624	\$ 519,807

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

7) Other payables

	December 31	
	2021	2020

Other related parties	\$ 1,336,960	\$ 1,139,294

8) Cash dividend payable

**December 31,
2020**

Parent company \$ 1,500,000

9) Consulting service revenue

	For the Years Ended December 31	
	2021	2020
Other related parties	\$ 142,270	\$ 154,972

10) Outstanding derivative financial instrument

December 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020-May 26, 2025	\$ 573,639	\$ (11,550)	Financial liabilities at FVTPL	\$ 11,417

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	\$ 537,118	\$ (49,784)	Financial liabilities at FVTPL	\$ 48,000

China Development Asset Management Corp.

Related Party	Relationship with the China Development Asset Management Corp.
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

- Payables to parent (recognized as current tax liabilities)

	December 31, 2021
Parent company	\$ 100,550

China Life Insurance

Related Party	Relationship with the China Life Insurance
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 913,551	\$ 1,503,444

2) Receivables

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 1,776,237	\$ 2,045,386

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	December 31	
	2021	2020
Other related parties	\$ 6,704,200	\$ 8,452,235

4) Financial assets at fair value through other comprehensive income

	December 31, 2020
<u>Stocks</u>	
Parent company	\$ 3,374,154

5) Bonds payable

	December 31	
	2021	2020
Subsidiary of the parent company	\$ 4,850,000	\$ 4,850,000

6) Investment balances appointed to related parties' discretionary investment

	December 31, 2020
Subsidiary of the parent company	\$ 1,737,861

7) Purchase and sale of bonds

	Purchase of Bonds
<u>For the year ended December 31, 2020</u>	
Subsidiary of the parent company	\$ 8,231,600

8) Payables

**December 31,
2021**

Subsidiary of the parent company \$ 167,892

9) Service fee revenue

**For the Year
Ended
December 31,
2020**

Subsidiary of the parent company \$ 159,611

10) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

**For the Year
Ended
December 31,
2020**

Subsidiary of the parent company \$ 337,481

11) Rent income

**For the Year
Ended
December 31,
2021**

Subsidiary of the parent company \$ 160,721

12) Commission expense

**For the Years Ended
December 31**

2021

2020

Subsidiary of the parent company \$ 419,827 \$ 371,858

13) Finance costs

**For the Year
Ended
December 31,
2021**

Subsidiary of the parent company \$ 130,957

14) Outstanding derivative financial instrument

December 31, 2021

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	August 16, 2021 - September 6, 2022	US\$ 645,000	Financial assets at FVTPL	\$ 58,900

December 31, 2020

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	February 6, 2020 - April 13, 2021	US\$ 375,000	Financial assets at FVTPL	\$ 118,238
	Currency swap contracts	November 25, 2020 - February 26, 2021	US\$ 120,000	Financial liabilities at FVTPL	1,278

49. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial paper payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for overseas bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	December 31	
	2021	2020
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	\$ 18,035,956	\$ 16,502,418
Property and equipment, net	4,527,463	4,601,044
Other financial assets - pledged deposits	3,302,021	2,278,271
Financial assets at fair value through profit or loss	594,564	596,231
Due from the Central Bank and call loans to financial institutions	500,000	500,000
Accounts receivable - installment accounts receivables and lease receivables	262,312	937,661
Financial assets at fair value through other comprehensive income	204,492	173,300
Investment property, net	156,144	122,196

Note: 88,500 thousand of China Life Insurance shares held by KGI Securities on December 31, 2020 have been pledged.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 52 and 54 were summarized as follows:

- a. In April 2007, the Corporation and Morgan Stanley entered into a credit default swap (CDS) contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to the Corporation. On July 15, 2010, the Corporation initiated action (“Litigation”) against Morgan Stanley & Co. International PLC (“Morgan Stanley”) et al. to recover losses the Corporation suffered as a result of its investment in a Morgan Stanley’s CDS product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. In addition, Morgan Stanley overlooked the Corporation’s efforts and terminated the Corporation’s interest rate swap (IRS) contracts and CDS contracts in August 2010. In March 2021, the Corporation reached an agreement with Morgan Stanley to settle the Litigation, and the parties have agreed to discontinue all claims and to release each other from the associated claims and liabilities.
- b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. On June 14, 2010, the plaintiffs sued KGI Securities, Taiwan Kolin Co., Ltd., the principal of formerly management team, Moore Stephens and the auditor with jointly liability amounted to \$133,308 thousand plus 5% interest. The Taipei District Court judged that KGI Securities won favorable decisions in the first instance on January 29, 2021. After an appeal by the Securities and Futures Investors Protection Center, the case is currently being heard by the Taiwan High Court.
- c. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK\$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK\$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.
- d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of \$592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. On November 29, 2019, the Taipei District Court judged that CDIB Capital Management Corporation partially lost the lawsuit, and should pay \$31,010 thousand plus 5% interest (from November 13, 2013 till the date of payment). CDIB Capital Management Corporation and Powercom Ltd. has appealed on January 9, 2020, and could not estimate the related possible loss because the case was currently pending with the Taiwan High Court and the final outcome of the court is uncertain.

- e. The case KGI Bank is acting vigorously is regarding to Prince Motors' overdue debt. In December 2012, a third party filed a lawsuit claiming that the KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court adjudicated that the mortgage is cancelled and the KGI Bank has to return the amount of \$1,786,318 thousand. The KGI Bank has appealed against this sentence on March 10, 2014. The original adjudication in favor of the third party was revoked by the court. The third party filed a new appeal and the Supreme Court ordered the high court to conduct a new trial on November 9, 2018. The High Court issued a judgement on August 17, 2021, upholding the original Taipei District Court's decision to revoke the part of the mortgage, and dismissed the third party's request for the KGI Bank to pay the received money. The KGI Bank and the third party each filed a third-instance appeal for losing part of the lawsuit. As of the day which board of directors adopts the consolidation financial report, the case is being heard by the Taiwan Supreme Court.
- f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. Except for extra services will be charged by professional rates, the basic framework, support service, IT application service, integration and transformation of server and so on are charged by the contract. In response to information age and to improve quality of service, KGI Bank keeps replacing its core system and other related systems. After that, KGI Bank will reduce its demand on the basic framework and IT application services mentioned before. The contract about related service scope, which was approved by the board of directors on August 21, 2018, came into effect on January 1, 2019. As of December 31, 2021, KGI Bank has to pay a total of \$64,858 thousand in the future contract periods.
- g. On December 16, 2016, the Corporation signed the contract with CHUNG-LU Construction Co., Ltd. for the construction of Taipei Academy, and on March 1, 2017 and April 12, 2021 signed the first and second contract change protocol, respectively. The modified total amount of the contract is \$5,738,173 thousand. As of December 31, 2021, the actual total amount of construction expenditure (after deduction of 5% construction retainage) is \$5,721,586 thousand and unpaid amount is \$16,587 thousand.

51. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, KGI BANK, KGI SECURITIES AND CHINA LIFE INSURANCE

Consolidated Profitability

(%)

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	1.51	0.68
	After income tax	1.37	0.64
Return on net worth	Before income tax	16.68	6.98
	After income tax	15.05	6.57
Profit margin		24.50	9.20

Profitability of CDFH

(%)

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	11.62	5.80
	After income tax	11.63	5.60
Return on net worth	Before income tax	14.09	6.69
	After income tax	14.14	6.49
Profit margin		93.44	87.96

Profitability of KGI Bank

(%)

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.66	0.65
	After income tax	0.55	0.59
Return on net worth	Before income tax	7.40	7.20
	After income tax	6.22	6.44
Profit margin		36.58	37.19

Profitability of KGI Securities

(%)

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	5.14	3.65
	After income tax	4.64	3.46
Return on net worth	Before income tax	20.01	13.22
	After income tax	18.07	12.53
Profit margin		55.87	58.47

Profitability of China Life Insurance

(%)

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	1.40	0.74
	After income tax	1.27	0.74
Return on net worth	Before income tax	17.58	9.70
	After income tax	16.00	9.65
Profit margin		9.51	4.81

52. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

- 1) Level 1 fair values are quoted prices in active markets for financial instruments.
- 2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.
- 3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

- 1) The fair value hierarchy of financial instruments were as follows:

December 31, 2021

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 212,532,873	\$ 332,399	\$ 8,820,446	\$ 221,685,718
Bond investments	28,690,428	69,747,925	940,171	99,378,524
Others	176,567,615	10,905,975	21,258,883	208,732,473
Financial assets designated as at FVTPL	-	-	4,740,512	4,740,512
Financial assets at FVTOCI				
Stock investments	43,989,149	343,068	20,126,776	64,458,993
Bond investments	210,211,909	162,587,439	-	372,799,348
Others	-	70,115,980	-	70,115,980
Other financial assets				
Purchased debt receivable	-	-	212,442	212,442
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	12,390,186	2,451,443	-	14,841,629
Financial liabilities designated as at FVTPL	-	10,354,365	-	10,354,365
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	858,403	18,986,765	165,778	20,010,946
Financial assets for hedging	-	259,267	-	259,267
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,962,432	18,015,129	3,229,459	23,207,020
Financial liabilities designated as at FVTPL	1,012	9,294,131	-	9,295,143
Financial liabilities for hedging	-	73,006	-	73,006

December 31, 2020

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 165,849,610	\$ 95,240	\$ 8,816,035	\$ 174,760,885
Bond investments	43,953,448	58,395,516	706,688	103,055,652
Others	165,148,529	13,599,239	12,274,019	191,021,787
Financial assets designated as at FVTPL	-	377,512	1,854,964	2,232,476
Financial assets at FVTOCI				
Stock investments	38,518,348	11,136	23,144,621	61,674,105
Bond investments	375,819,230	210,042,673	-	585,861,903
Others	-	65,426,069	-	65,426,069
Other financial assets				
Purchased debt receivable	-	-	162,247	162,247
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	18,913,947	799,876	-	19,713,823
Financial liabilities designated as at FVTPL	-	11,077,401	-	11,077,401
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,420,211	70,895,029	109,776	72,425,016
Financial assets for hedging	-	102,479	-	102,479
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	975,223	73,285,045	3,706,831	77,967,099
Financial liabilities designated as at FVTPL	767	7,383,477	-	7,384,244
Financial liabilities for hedging	-	641,307	-	641,307

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-Scholes model) and numerical method model (for example Monte Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit value adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.
- The debit value adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their international credit assessment and model and international accounting standard of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD). On the contrary, the Group calculates their credit valuation adjustment on the basis of the Group's PD, which is subject to standard supervisory parameters, take LGD into consideration and multiplied by their estimates of the Group's EAD.

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the Level 1 and Level 2

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Level One Converted Into Level Two	Level Two Converted Into Level One	Level One Converted Into Level Two	Level Two Converted Into Level One
Financial assets at FVTPL - bond investments	\$ 4,104,972	\$ -	\$ -	\$ -
Financial assets at FVOCI - bond investments	4,468,029	11,033,573	19,138,151	2,332,150

Because of changes in market liquidity, evaluation sources applied by some stock investments and bond investments will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one.

5) Reconciliation of Level 3 items of financial instruments

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

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 21,906,518	\$ 2,179,236	\$ 12,451,968	\$ -	\$ (4,873,745)	\$ (478,699)	\$ 31,185,278
Financial assets designated as at FVTPL	1,854,964	602,229	2,355,987	-	(72,668)	-	4,740,512
Financial assets at FVOCI	23,144,621	(2,926,884)	173,600	-	(264,561)	-	20,126,776
Other financial assets							
Purchased debt receivable	162,247	8,235	66,000	-	(24,040)	-	212,442

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 18,978,607	\$ (753,690)	\$ 6,229,454	\$ -	\$ (2,358,660)	\$ (189,193)	\$ 21,906,518
Financial assets designated as at FVTPL	1,580,146	(56,980)	331,798	-	-	-	1,854,964
Financial assets at FVOCI	17,330,430	5,156,553	700,000	68,711	(111,073)	-	23,144,621
Other financial assets							
Purchased debt receivable	1,241,233	(338,463)	-	-	(740,523)	-	162,247

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

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

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 3,706,831	\$ (67,175)	\$ 514,386	\$ -	\$ (924,583)	\$ -	\$ 3,229,459

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 2,646,181	\$ (138,880)	\$ 2,006,825	\$ -	\$ (807,295)	\$ -	\$ 3,706,831

The total gains or losses for the years ended December 31, 2021 and 2020 included a gain of \$1,851,526 thousand and loss of \$266,113 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

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

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at December 31, 2021	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 339,497	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Use quoted price of counterparties, because the market is not liquid, resulting in a lack of observable market liquidity reduction factors, so no items are disclosed
Financial assets at FVTOCI	946,623	Market approach	P/E Discount for lack of liquidity	12.47 27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
Derivative financial instruments					
Financial assets at FVTPL	177,924	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; use quoted price of counter-parties, because the market is not liquid, resulting in a lack of observable market liquidity reduction factors, so no items are disclosed
Financial liabilities at FVTPL	178,401	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; use quoted price of counter-parties, because the market is not liquid, resulting in a lack of observable market liquidity reduction factors, so no items are disclosed

	Fair Value at December 31, 2020	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	\$ 1,089,139	Market approach	P/E, Discount for lack of liquidity	13.34 27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
		Recent strike price	-	-	-
Derivative financial instruments					
Financial assets at FVTPL	157,737	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; use quoted price of counter-parties, because the market is not liquid, resulting in a lack of observable market liquidity reduction factors, so no items are disclosed
Financial liabilities at FVTPL	157,804	Hull White Model, Libor Market Model, discounted cash flow	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; use quoted price of counter-parties, because the market is not liquid, resulting in a lack of observable market liquidity reduction factors, so no items are disclosed

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

December 31, 2021

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTPL - equity instruments	Discounted cash flow approach	Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		WACC	6.83%	Assets at fair value is inversely proportional to WACC
		Growth rate	2.60%	Assets at fair value is proportional to growth rate
Financial assets at FVTOCI - equity instruments	Option pricing model	Discount for lack of liquidity	26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		History volatility	37.39%	According to condition of contract, fair value of asset may be higher or lower.
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	0.00%-13.40%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	36.25%-37.30%	According to condition of contract, fair value of liabilities may be higher or lower.

December 31, 2020

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTPL - equity instruments	Discounted cash flow approach	Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		WACC	7.10%	Assets at fair value is inversely proportional to WACC
		Growth rate	2.20%	Assets at fair value is proportional to growth rate
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	26.8%-45.09%	According to condition of contract, fair value of asset may be higher or lower.
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	0.00%-13.10%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	20.66%-60.84%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

December 31, 2021

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
<u>Financial assets</u>				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 231	\$ 231
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	83	83
	WACC	-1%/+1%	469	454
	Growth rate	+1%/-1%	163	161
Financial assets at FVTOCI				
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	156	155
	Historical volatility	+1%/-1%	166	167
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	502	524

December 31, 2020

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
<u>Financial assets</u>				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 213	\$ 221
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	86	86
	WACC	-1%/+1%	434	421
	Growth rate	+1%/-1%	122	121
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+25%/-25%	13	13
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	161	168

CDIB Capital Group and subsidiaries

Equity securities are classified fair value Level 3 financial asset by CDIB Capital Group and subsidiaries. Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at December 31, 2021	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets Financial assets at FVTPL	\$ 13,910,044	Market approach	EV/Sales P/B P/S Discount for lack of liquidity	0.57 1.72 0.84-1.07 26%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	26%-29% 5.67%-10.49% 1.80%-6.76%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

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

China Life Insurance

Equity securities are classified into fair value Level 3 financial asset by China Life Insurance. Quantitative information about the significant unobservable input was set out below:

December 31, 2021				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity the lower the estimated fair value
		Control premium	0%-10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	6.71%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	0%-10%	The higher the discount for liquidity the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests the lower the estimated fair value

December 31, 2020				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	6.02%	The higher the cost of capital rate, the lower the estimated fair value.
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value.
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.

7) Pricing process of Level 3 fair value

KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, reasonability of fair value of those financial assets are assessed by related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by accounting department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable.

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries have considered the influence of Covid-19, including future operating conditions, which decrease the forecast numbers of revenue and profit.

China Life Insurance

China Life Insurance is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. China Life Insurance analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to China Life Insurance's accounting policies at each reporting date.

c. Fair value of financial instruments not carried at fair value

1) Fair value information

Assets and liabilities measured at cost, excluding debt investments measured at amortized cost, guarantee deposits paid, bonds payable, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

Fair values of bonds payable with quoted price in an active market are evaluated using the market price; bonds payable with no quoted prices in an active market are estimated by valuation methods or the opponent's price.

2) The fair value hierarchy of financial instruments were as follows:

December 31, 2021

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 466,605,518	\$ 798,839,528	\$ -	\$ 1,265,445,046
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	8,722,040	-	8,722,040
<u>Financial liabilities</u>				
Bank debentures payable	-	25,349,007	-	25,349,007
Corporate bonds payable	68,262,697	-	-	68,262,697

December 31, 2020

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 350,050,491	\$ 815,965,243	\$ -	\$ 1,166,015,734
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	9,150,548	-	9,150,548
<u>Financial liabilities</u>				
Bank debentures payable	-	20,408,787	-	20,408,787
Corporate bonds payable	43,949,621	-	-	43,949,621

3) Measurement technique

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.
- b) The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.
- c) The fair value of debt investments measured at amortized cost is estimated by
 - i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.
 - ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.
- d) The fair values of bonds payable are determined by the present values of future cash flows, with the values discounted at the interest rates of similar bonds payable available for the Corporation.

53. INFORMATION OF INSURANCE CONTRACTS

a. Objectives, policies, procedures and methods of insurance contracts risk management

1) Framework of risk management, organization structure and responsibilities:

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating China Life Insurance's overall risk appetite and risk tolerance, review and approve China Life Insurance's risk management objectives and strategies. "Risk Management Committee" is set under the board of directors. Various risk management report and related issues are first report to risk management committee and made the final approval by the board of directors. Besides the risk management committee, China Life Insurance set up an assets and liabilities risk management team to strengthen the risk management organization and structure.

In addition, China Life Insurance establishes the risk management department independent to the business units, which is responsible for the implementation of various risk management measures and the fulfillment of each risk management system, including monitoring the daily risks, measuring and evaluating related issues, assisting the board to develop Company's risk appetite, executing the risk management policies approved by the board of directors. Moreover, the business units should be responsible for the risks identification, report the risk exposure, measure the impact of risks, review the various risks and limits regularly, and make sure that the internal control procedures of each unit are implemented effectively in accordance with related regulations and China Life Insurance's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, China Life Insurance sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders.

Pursuant to “China Life Insurance Risk Management Policy”, approved by the board of directors, China Life Insurance follows the principle of centralized management and specialization, and assigns responsible risk management department to manage various risks, including market, credit, operation, liquidity, underwriting, claim resew, insurance product development and pricing, asset-liability management, reinsurance and catastrophe risk based on the sources of risk. In addition, China Life Insurance develops management guidelines for various types of risk, standardizes measurement and evaluation methods, and regularly issues risk reports to monitor the various risks.

3) Risk management policies, procedures and methods related to reserves:

Reserve-related risks refer to risks that various reserves are unable to deal with future obligations due to understatement of liability for premium business. China Life Insurance sets and implements the appropriate risk management system for the insurance business reserves and related risks.

4) Risk management policies, procedures and methods related to matching assets and liabilities:

Risks related to matching assets and liabilities indicate risks arising from inconsistent movement of assets and liabilities. China Life Insurance sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows China Life Insurance to form, implement, monitor and correct related strategies within the tolerable range and achieves China Life Insurance’s predetermined financial goals. The contents include the following items:

- a) Risk identification related to matching of assets and liabilities.
- b) Risk measurement related to matching of assets and liabilities.
- c) Risk responses related to matching of assets and liabilities.

b. Information of insurance risks

1) Sensitivity of insurance risks - insurance contracts and financial instruments with discretionary participation features:

Insurance companies set aside various reserves according to the legal requirements and regularly conduct adequacy test of liability to assess the adequacy of insurance liabilities of China Life Insurance as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by China Life Insurance, the main risks include mortality, morbidity, surrender, expense and investment returns rate. When doing the liability adequacy test, various actuarial assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, to assess whether the insurance liability of China Life Insurance is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at December 31, 2021, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause China Life Insurance's insurance liability inadequate.

2) Interpretation for concentration of insurance risks:

- China Life Insurance's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. China Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 32 for concentration of risk before and after the reinsurance for China Life Insurance.
- Furthermore, according to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", the annual increased special capital reserve, excluding taxes, for major incidents and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

3) Claim development trend:

a) Direct business loss development trend

Accident Year	Development Year														Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2008	\$ 2,170,100	\$ 2,736,556	\$ 2,776,542	\$ 2,781,989	\$ 2,786,399	\$ 2,792,187	\$ 2,798,032	\$ 2,798,807	\$ 2,799,546	\$ 2,800,435	\$ 2,802,449	\$ 2,803,020	\$ 2,803,856	\$ 2,804,061	
2009	2,243,111	2,870,648	2,924,110	2,934,461	2,936,046	2,939,451	2,940,095	2,940,209	2,940,748	2,941,322	2,941,824	2,941,957	2,941,970	-	
2010	2,574,879	3,071,401	3,132,443	3,137,874	3,143,299	3,143,963	3,144,299	3,144,902	3,145,167	3,145,541	3,145,762	3,146,132	-	-	
2011	2,610,108	3,276,928	3,328,279	3,342,075	3,346,106	3,350,438	3,351,824	3,354,243	3,354,835	3,355,901	3,356,774	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,879	3,058,682	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,997	3,057,193	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,321,020	4,323,776	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,832	4,521,127	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 2,059,559
Note: This table does not include long-term life insurance.															418,661
															127,350
															\$ 2,605,570

b) Retained business loss development trend

Accident Year	Development Year														Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2008	\$ 2,128,556	\$ 2,682,784	\$ 2,721,905	\$ 2,719,002	\$ 2,723,312	\$ 2,728,970	\$ 2,734,682	\$ 2,735,440	\$ 2,736,162	\$ 2,737,031	\$ 2,739,000	\$ 2,739,557	\$ 2,740,394	\$ 2,740,598	
2009	2,204,858	2,820,114	2,862,350	2,868,022	2,869,572	2,872,900	2,873,529	2,873,640	2,874,167	2,874,728	2,875,219	2,875,351	2,875,365	-	
2010	2,535,358	3,010,157	3,068,543	3,066,830	3,072,133	3,072,782	3,073,109	3,073,699	3,073,958	3,074,324	3,074,544	3,074,914	-	-	
2011	2,561,841	3,214,455	3,260,383	3,266,408	3,270,348	3,274,581	3,275,936	3,278,301	3,278,879	3,279,945	3,280,818	-	-	-	
2012	2,304,504	2,897,464	2,967,538	2,976,431	2,979,800	2,982,173	2,985,586	2,987,140	2,988,681	2,989,484	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,833	2,988,029	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,223,278	4,226,033	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,416,573	4,418,868	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 2,058,059
Note: This table does not include long-term life insurance.															
															Add: Long-term insurance claims
															399,657
															Claim reserve for discount on no claim
															127,350
															\$ 2,585,066
															Reserve for claims balance
															\$ 2,585,066

China Life Insurance recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. China Life Insurance was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

4) Credit risk:

For insurance contracts undertaken by China Life Insurance, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing China Life Insurance to be exposed to the risk of financial loss. If China Life Insurance disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

China Life Insurance's highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, China Life Insurance decides to deal with reinsurance companies that have good credits. China Life Insurance sets related selection standard, makes regular assessment and monitors the reinsurers' financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

5) Liquidity risk:

As at December 31, 2021 and 2020, the maturity analysis of liquidity risk for insurance contract liabilities of China Life Insurance are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
<u>December 31, 2021</u>					
Insurance liabilities of investment contracts with discretionary participation features	\$ 38,514,881	\$ 132,626,854	\$ 144,267,981	\$ 604,249,058	\$ 3,805,721,194
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
<u>December 31, 2020</u>					
Insurance liabilities of investment contracts with discretionary participation features	11,973,656	115,270,732	157,083,549	618,787,499	3,450,010,853
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

Note 1: This table estimates net cash flow of all related insurance liabilities at it starting point.

Note 2: The actual maturity date will change according to the exercise of termination right by the policyholders.

Note 3: The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.

6) Market risk:

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, when China Life Insurance measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on China Life Insurance’s profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

54. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

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

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

KGI Bank and subsidiaries

KGI Bank has planned a proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI Bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank’s risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank’s risk management divisions are as follows:

1) Board of directors

The KGI Bank’s board of director supervise the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

KGI Securities and subsidiaries

1) Financial risk management objectives

To effectively manage the risks related to the operation of KGI Securities and strengthen KGI Securities Competitive advantage, According to the laws by authorities, risk management policy by parent company, and business development strategy by KGI Securities, which set risk management policy as compliance basis for risk management.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

The board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMC executes risk management decisions made by the board of directors, which include reviewing KGI Securities' every department's, risk budget, limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects consistent long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, trusted investment and management of new business and financial instruments.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing comprehensive management of KGI Securities company law, legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk, legal risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following established guidelines and related standards of parent company, CDFH.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity, interest rate, exchange rate, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce and manage market risk capital allocation.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts Back Testing periodically to examine the validity of the model. Additionally, it builds various scenarios for Stress Testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

KGI Securities takes into account the credit rating of issuers or counterparties, the features of transactions, and the characters of instruments, etc. to adopt appropriate ways of measurement, and considers KGI Securities' net value, risk measurement and concentration of risk to set proper credit limits. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to management as well as related departments.

KGI Securities use the external part of credit rating by rating comparison table to evaluate the credit risk of the counterparties or transaction subjects. Among them, the external part of credit rating refers to the TCRI of Taiwan Economic Journal, Taiwan Ratings, S&P, Moody's, and Fitch. Not only update the credit rating information of the external rating agency on the counterparties or transaction subjects, but also appropriately adjust the credit risk limits when the credit rating changes.

The risk management department applies for credit risk capital toward the board of directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different Pre-Settlement Risk (PSR) limitation amount base on countries, same groups, high-risk industries, high-risk groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of counterparties or transaction subjects, and the use of various credit risk limitation amount to enforce management of credit risk.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of control and segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each business unit is responsible for examining and controlling its own operation risk. In addition to the compliance of law and regulation, the internal audit department would implement examination by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

When abnormal events occur, all business units should comply with "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. According to the necessity of the abnormal event, the internal audit unit reports to the director of the board of directors and the internal audit unit of the parent company to effectively manage the operation risk of loss event. When KGI Securities discover material risk events during the execution of their business, they should comply with "Method for Notification of Material Risk Events" by parent company and "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. In addition, risk management unit should review whether material risk events are notified in time.

KGI Securities have obtained the related qualification for the option under the sensitivity analysis (Delta Plus) method to use the advanced calculation method of Securities firm's capital adequacy ratio. In order to calculate the capital adequacy ratio and other statutory ratios required for financial product evaluation models, model management operations have been used.

KGI Securities regularly detects business risks. The detections include financial institutions' capital adequacy, asset quality, management capabilities, profitability, liquidity, sources of profit, foreign exposure, investment positions, off-balance sheet, and material customer complaints. Measurement unit inspects frequency and measures detection indicators and alert values, and sends the measurement results and their increase or decrease data to the risk management unit for monitoring and storage.

5) Risk hedge and mitigation strategy

KGI Securities have set "Financial Commodity Transaction Processing Procedures" and "Operation Guidelines for Derivative Financial Commodity Transactions in Business Locations" to standardize relevant policies for hedging and mitigating risks:

- a) All business departments engaged in derivative transactions should confirm their transaction objectives and hedging nature in advance. After the transaction, the transaction objective cannot be changed at will.
- b) The transaction nature means buying and selling derivatives based on price expectations to take risks and earn the spread. Hedging means to reduce the market risk of existing assets or liabilities and prospective transactions through the trading derivatives.
- c) For positions held for hedging, the hedging and hedged positions should be regarded as one entity, and notice to the relation between the changes in profit and loss of the hedging and the hedged positions.

CDIB Capital Group and subsidiaries

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

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

China Life Insurance

China Life Insurance's financial risk management objectives are primarily managing risks arising from holding financial assets. According to China Life Insurance's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. China Life Insurance has established guidelines related to the management of the financial risk. The following is the definition, source, management procedures of the risk and methods used to measure the risk.

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including loans, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to alleviate shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds accurately and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level.

The credit authorities approve credits in accordance with KGI Bank's credit limit structure and authorization policies. KGI Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person or affiliated enterprises/groups, industry and country, but also on the professionalism of KGI Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of KGI Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For delinquent loans, KGI Bank uses the concentration management method, together with information systems and analysis models, to conduct regular loan reviews for the enhanced management of overdue loans and expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Mitigation of risks or hedging of credit risk

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

Without taking into account irrevocable collateral or other credit enhancements and maximum exposure of unused amount for unused revolving credit without credit card and cash card, the maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; the maximum exposure of credit risk from off-balance sheet financial instruments was as follows:

	December 31	
	2021	2020
Irrevocable loan commitments, guarantees and letters of credit	\$ 57,251,227	\$ 47,779,337

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

	Discounts and Loans					
	December 31, 2021					
	Stage 1	Stage 2	Stage 3		The Adjustment under the Recognition/ Discount	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Short-term loans	\$ 50,287,343	\$ 690,392	\$ 721,003	\$ -		\$ 51,698,738
Short-term secured loans	22,143,638	4,294	41	-		22,147,973
Medium-term loans	129,689,798	102,722	295,556	-		130,088,076
Medium-term secured loans	80,415,750	90,683	26,821	-		80,533,254
Long-term loans	6,412,535	493,158	684,389	-		7,590,082
Long-term secured loans	86,021,951	60,225	146,068	-		86,228,244
Loans reclassified to nonperforming loans	-	-	278,416	-		278,416
Export negotiations	32,089	-	-	-		32,089
Total book values	375,003,104	1,441,474	2,152,294	-		378,596,872
Impairment allowance	(856,760)	(102,498)	(499,580)	-		(1,458,838)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (3,415,417)	(3,415,417)
Adjusting for discounts and loans premium					(52,228)	(52,228)
	<u>\$ 374,146,344</u>	<u>\$ 1,338,976</u>	<u>\$ 1,652,714</u>	<u>\$ -</u>	<u>\$ (3,467,645)</u>	<u>\$ 373,670,389</u>

	Receivables					
	December 31, 2021					
	Stage 1	Stage 2	Stage 3		The Adjustment under the Regulation	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Credit card business	\$ 2,994,684	\$ 202,148	\$ 99,459	\$ -		\$ 3,296,291
Accounts receivable - forfaiting	5,624,574	-	-	-		5,624,574
Accounts receivable factoring without recourse	8,151,934	46	81	-		8,152,061
Acceptances	190,903	-	-	-		190,903
Installment accounts and lease receivables	5,705,389	4,762	44,493	-		5,754,644
Total book value	22,667,484	206,956	144,033	-		23,018,473
Impairment allowance	(47,554)	(18,614)	(30,164)	-		(96,332)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (195,728)	(195,728)
	<u>\$ 22,619,930</u>	<u>\$ 188,342</u>	<u>\$ 113,869</u>	<u>\$ -</u>	<u>\$ (195,728)</u>	<u>\$ 22,726,413</u>

Discounts and Loans						
December 31, 2020						
	Stage 3				The Adjustment under the Recognition/ Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Short-term loans	\$ 51,110,442	\$ 775,661	\$ 729,271	\$ -		\$ 52,615,374
Short-term secured loans	24,309,759	-	-	-		24,309,759
Medium-term loans	138,150,895	80,341	232,144	-		138,463,380
Medium-term secured loans	79,714,804	93,173	39,506	-		79,847,483
Long-term loans	3,179,546	376,312	693,444	-		4,249,302
Long-term secured loans	79,745,643	100,710	143,392	-		79,989,745
Loans reclassified to nonperforming loans	-	-	465,508	-		465,508
Export negotiations	14,513	-	-	-		14,513
Total book values	376,225,602	1,426,197	2,303,265	-		379,955,064
Impairment allowance	(1,213,597)	(89,205)	(557,519)	-		(1,860,321)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (3,135,568)	(3,135,568)
Adjusting for discounts and loans premium					(72,032)	(72,032)
	\$ 375,012,005	\$ 1,336,992	\$ 1,745,746	\$ -	\$ (3,207,600)	\$ 374,887,143

Receivables					
December 31, 2020					
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime Expected	Lifetime Expected	Purchased or	The Adjustment
	Expected Credit	Credit	Credit	Originated	under the
	Losses	Losses	Losses	Credit-impaired	Regulation
				Financial Asset	Total
Credit card business	\$ 2,848,800	\$ 188,513	\$ 116,043	\$ -	\$ 3,153,356
Accounts receivable - forfaiting	11,629,327	-	-	-	11,629,327
Accounts receivable factoring without recourse	7,566,529	84	156	-	7,566,769
Acceptances	40,566	-	-	-	40,566
Installment accounts and lease receivables	4,145,805	45,259	50,064	-	4,241,128
Total book value	26,231,027	233,856	166,263	-	26,631,146
Impairment allowance	(51,520)	(38,707)	(38,459)	-	(128,686)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (238,935)
	\$ 26,179,507	\$ 195,149	\$ 127,804	\$ -	\$ (238,935)
					\$ 26,263,525

Maximum exposures to credit risk of financial instrument not applicable to impairment were as follows:

	December 31	
	2021	2020
Financial assets at FVTPL		
Debt instrument	\$ 12,835,798	\$ 15,455,943
Derivatives instruments	9,988,612	55,505,884

5) Collaterals and credit enhancement

KGI Bank and its subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and subsidiaries observe collateral's value of financial instrument closely, and consider recognizing impairment for financial assets with credit impairment. KGI Bank and subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

December 31, 2021

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	\$ 99,459	\$ 18,757	\$ 80,702	\$ -
Accounts receivable factoring	81	4	77	-
Installment receivables and lease receivables	44,493	11,403	33,090	-
Discounts and loans	<u>2,152,294</u>	<u>499,580</u>	<u>1,652,714</u>	<u>226,587</u>
Total amount of impaired asset	<u>\$ 2,296,327</u>	<u>\$ 529,744</u>	<u>\$ 1,766,583</u>	<u>\$ 226,587</u>

December 31, 2020

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	\$ 116,043	\$ 23,915	\$ 92,128	\$ -
Accounts receivable factoring	156	19	137	-
Installment receivables and lease receivables	50,064	14,525	35,539	-
Discounts and loans	<u>2,303,265</u>	<u>557,519</u>	<u>1,745,746</u>	<u>294,447</u>
Total amount of impaired asset	<u>\$ 2,469,528</u>	<u>\$ 595,978</u>	<u>\$ 1,873,550</u>	<u>\$ 294,447</u>

The amount the of KGI Bank and subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount is \$782,211 thousand and \$504,315 thousand for the years ended December 31, 2021 and 2020.

6) Concentrations of credit risk

Concentrations of credit risk arise when there is only one counterparty, or when there is a number of more than one counterparties but they are engaged in similar economic activities and have similar economic characteristics, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to the same customers or the same counterparty; total transaction of the same customers or the same counterparty in discounts and loans are not material. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Public and private enterprise	\$ 230,312,065	60.83	\$ 241,786,303	63.63
Natural person	148,044,807	39.10	137,870,761	36.29
Non-profit organization	240,000	0.07	298,000	0.08
Total	\$ 378,596,872	100.00	\$ 379,955,064	100.00

b) By region

Region	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	\$ 299,569,449	79.13	\$ 286,780,864	75.48
Overseas	79,027,423	20.87	93,174,200	24.52
Total	\$ 378,596,872	100.00	\$ 379,955,064	100.00

c) By collateral

Collateral	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Non-collateral	\$ 189,661,926	50.10	\$ 195,700,835	51.51
Collateral				
Property	161,608,496	42.69	152,150,748	40.04
Guarantee	14,636,496	3.87	17,858,658	4.70
Financial collateral	6,674,661	1.76	7,558,580	1.99
Other	6,015,293	1.58	6,686,243	1.76
Total	\$ 378,596,872	100.00	\$ 379,955,064	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. For those foreclosed collaterals which were not disposed of within the statutory period, except for applying for an extension of the disposal period, if the competent authority ask for the increase of its provision for possible losses, KGI bank should execute as required.

	December 31	
	2021	2020
Foreclosed collateral	\$ 588,985	\$ 588,985
Accumulated impairment	<u>(588,985)</u>	<u>(588,985)</u>
	<u>\$ -</u>	<u>\$ -</u>

Foreclosed collateral will be sold when it is actually available for sale. The foreclosed collateral is classified as other assets in balance sheet. The difference amount between the disposition price and the book value is recognized as net other noninterest profit and gain.

8) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits of KGI Bank

Item			December 31, 2021				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 16,199	\$ 90,782,156	0.02%	\$ 1,144,000	7,062.16%
	Unsecured		137,867	149,890,772	0.09%	1,682,510	1,220.38%
Consumer loan	Mortgage (Note 4)		6,509	70,989,386	0.01%	1,065,074	16,364.03%
	Cash card		92,915	11,378,885	0.82%	270,757	291.40%
	Micro credit (Note 5)		235,122	28,328,896	0.83%	421,661	179.34%
	Other (Note 6)	Secured	22,122	27,163,406	0.08%	289,602	1,309.08%
		Unsecured	-	63,371	0.00%	651	-
Total			510,734	378,596,872	0.13%	4,874,255	954.36%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 15,572	\$ 3,296,291	0.46%	\$ 54,266	355.33%
Account receivable - factored without recourse (Note 7)			10	8,152,061	0.00%	103,891	1,001,457.39%

Item			December 31, 2020				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 93,254	\$ 92,599,972	0.10%	\$ 1,163,448	1,247.61%
	Unsecured		138,730	158,132,242	0.09%	1,865,676	1,344.83%
Consumer loan	Mortgage (Note 4)		12,720	64,684,720	0.02%	971,337	7,636.14%
	Cash card		100,118	12,417,542	0.81%	310,311	309.95%
	Micro credit (Note 5)		233,287	25,065,092	0.93%	396,694	170.05%
	Other (Note 6)	Secured	14,980	26,969,537	0.06%	287,538	1,919.42%
		Unsecured	-	85,959	-	885	-
Total			593,089	379,955,064	0.16%	4,995,889	842.35%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			17,580	3,153,356	0.56%	60,250	342.71%
Account receivable - factored without recourse (Note 7)			41	7,566,769	0.00%	96,900	233,617.79%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL/Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables/Credit card receivables balance.

Note 3: Coverage ratio = LLR/NPL. Coverage ratio of credit receivables: Allowance for credit losses/Overdue credit card receivables.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower’s spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank's nonperforming loans and overdue receivables

Items	December 31, 2021		December 31, 2020	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	\$ 4,227	\$ 80	\$ 6,007	\$ 45
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	61,035	6,179	57,531	7,031
Total	\$ 65,262	\$ 6,259	\$ 63,538	\$ 7,076

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit extensions

December 31, 2021

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - manufacture of liquid crystal panel and components	\$ 6,364,242	9.63
2	B Group - department store	6,244,128	9.45
3	C Group - real estate development activities	6,148,000	9.30
4	D Group - manufacture of electronic passive devices	5,412,110	8.19
5	E Group - computers manufacturing	5,195,614	7.86
6	F Group - real estate activities for sale and rental	5,138,384	7.78
7	G Group - real estate activities for sale and rental	4,154,123	6.29
8	H Group - activities of other holding companies	3,766,329	5.70
9	I Group - manufacture of liquid crystal panel and components	3,644,724	5.52
10	J Group - cable telecommunications industry	3,331,589	5.04

December 31, 2020

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	F Group - real estate activities for sale and rental	\$ 7,938,626	11.85
2	C Group - real estate development activities	6,795,000	10.14
3	H Group - activities of other holding companies	5,989,843	8.94
4	D Group - manufacture of electronic passive devices	5,243,980	7.83
5	K Group - renting and leasing other machinery and equipment	5,082,452	7.59
6	G Group - real estate activities for sale and rental	4,543,552	6.78
7	A Group - manufacture of liquid crystal panel and components	4,316,339	6.44
8	L Group - other retail sale in non-specialized stores	4,022,178	6.00
9	B Group - manufacture of chemical material	3,691,559	5.51
10	M Group - smelting and refining of iron and steel	3,523,327	5.26

9) Judgements of a significant increase in credit risk since initial recognition

Credit business

KGI Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since the initial recognition, primarily consideration of indicators and supporting information (including prospective information) were as the follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

- i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.
- ii. Actual or expected significant changes in borrower's operating results.
- iii. The credit risk of other credit contracts of the same borrower has increased significantly.
- iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

For the various types of credit assets of KGI Bank which are not be regarded as low credit risk, it can be assumed that the credit risk of such assets has not increased significantly since the initial recognition.

10) Definition of default and impaired credit of financial assets

The definition of default of the financial assets of the KGI Bank is the same as that of the impaired credit assets. If one or more of the following conditions are met, KGI Bank determines that the credit asset has defaulted and the credit is impaired:

a) Quantitative index

- i. When the borrower's overdue payment of the contract is more than 90 days.
- ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

If there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

- i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.
- ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.
- iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).
- iv. For cases involving the sale of non-performing loans and suits.
- v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by KGI Bank is consistent with the definition of credit assets used for internal credit risk management purposes, and the relevant impairment assessment model is used.

The credit asset will be restore to the state of compliance and is not considered a credit impaired credit assets in default if it no longer meets the definition of default and credit impairment.

A debt instrument investor may also be deemed to have a credit impairment on the financial asset if the rating of the bond guarantor or issuer's rating deteriorates significantly, for example, from an investment grade to a junk bond rating, or if one or more of the following conditions are met:

- i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the note or bond.
- ii. Before the maturity of the note or bond, it can be objectively determined that the bond guarantor or issuer of note or bond may not be able to repay the principal and interest of the note or bond on time.
- iii. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond is in bankruptcy or in reorganization or taken over due to financial difficulties.
- iv. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond closes down or is in the process of perform other financial restructuring.

11) Write-off policy

The KGI Bank shall write off bad debts for non-performing loans and overdue receivables that meet one of the following requirements:

- a) When reaching the criteria of write-off of the regulation.
- b) There is a need to expedite the reduction of non-performing loans or for certain businesses that needs to comply with the requirements of the governing authorities.
- c) Written off by the governing authorities or the financial inspection authorities.
- d) Although the collateral has been collected, if it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor's balance shall be written of within the period which specified in a).
- e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

12) Amendment of contract cash flows of financial assets

KGI Bank may amend the contract cash flows of credit assets as a result of financial difficulties of borrowers, improvement of problematic debtors' recovery rate. The contract amendments include the extension of the contract period, interest payment time modification, contract interest rate modification, or exemption of part of the debts.

13) Measurement of expected credit losses

For the purpose of measuring expected credit losses, KGI Bank divides credit assets into the following groups; for corporate banking, they are grouped according to scale, while for consumer banking, they are grouped according to product characteristics.

Business	Combination	Definition
Corporate banking	Large enterprises + Stage 1	Credit risk has not increased significantly.
	Small and medium enterprises + Stage 1	
	Large enterprises + Stage 2	Credit risk has increased significantly.
	Small and medium enterprises + Stage 2	
	Large enterprises + Stage 3	Credit impaired.
	Small and medium enterprises + Stage 3	
Consumer banking	Product + Stage 1	Credit risk has not increased significantly.
	Product + Stage 2	Credit risk has increased significantly.
	Product + Stage 3	Credit impaired.

KGI Bank measures the allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss. For financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, the allowance loss is measured by lifetime expected credit losses.

To measure the expected credit losses, KGI Bank takes into account the borrower's probability of default ("PD") for the next 12 months and the period of existence, and include the loss given default ("LGD"). Multiply by the Exposure at default ("EAD") and taking into account the impact of the time value of money, the expected credit losses for 12 months and duration are calculated.

Probability of default is the probability of default of the borrower (or the counterparty) over a period of time; the loss given default refers to the probability of loss of the borrower (or the counterparty) due to inability to recover the debt at the end of the reminder procedures. The probability of default and loss given default are used in the impairment assessment of KGI Bank credit business are based on internal historical information (such as credit loss experience, etc.) of each group, and adjust the history data based on the current observable data and forward-looking general economic information (such as GDP and employment rate, etc.) which are used to calculate the probability of default on expected losses.

The exposure at default mean that KGI Bank can claim compensation for the book value held by borrowers (or the counterparty) after borrowers have defaulted. KGI Bank's exposure at default amount has taken into account the amount of credits that have been used and the amounts that may be used in the future for the exposure at default amount. The amount of credits is used as an assessment of exposure at default of on balance sheet credits or part of credits that were already used; off-balance sheet or committed credits that are not yet used are based on the corresponding Credit Conversion Factor (CCF) which considered the credits that are expected to be used within 12 months after the reporting date or expected lifetime to calculate exposure at default of expected credit loss.

14) Considerations of forward-looking information

KGI Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, KGI Bank selected the appropriate overall indicators as an adjustment parameter for default probability of lending. Based on the type of business, KGI Bank used different overall indicator. The Corporate banking business takes the Economic Growth Rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. KGI Bank will make reference to external information (predicted value of internationally renowned economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors. quarterly. For example, the changes of leading index and interbank offered rate as basic economic conditions; it contains the best estimate of the economic situation in the next five years.

While adjusting credit risk parameter of credit assets, the overall indicators mentioned above, such as GDP, changes of employment rate and basic economic conditions, have been adjusted due to COVID-19.

The measurement of expected credit loss of the Bank's debt instruments is based on an external credit migration matrix method to calculate the Probability of default (PD), which is incorporated in the information of forward-looking factors.

15) Changes of provisions for off-balance-sheet guarantees and commitments

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 112,463	\$ 371	\$ -	\$ 874	\$ -	\$ 113,708	\$ 197,565	\$ 311,273
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(11)	11	-	-	-	-	-	-
From conversion to credit-impaired financial assets	(1)	(6)	-	7	-	-	-	-
To 12-month ECL	379	(120)	-	(259)	-	-	-	-
Derecognizing financial assets during the current period	(14,620)	(489)	-	(612)	-	(15,721)	-	(15,721)
Purchased or originated new financial assets	18,791	29	-	292	-	19,112	-	19,112
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							33,513	33,513
Effect of exchange rate changes and others	(14,085)	647	-	146	-	(13,292)	-	(13,292)
Balance at December 31, 2021	\$ 102,916	\$ 443	\$ -	\$ 448	\$ -	\$ 103,807	\$ 231,078	\$ 334,885

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the year ended December 31, 2021. The aforementioned provision on December 31, 2021 increased by \$23,612 thousand from the beginning of the year.

For Year Ended December 31, 2020

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 108,889	\$ 727	\$ -	\$ 1,757	\$ -	\$ 111,373	\$ 192,447	\$ 303,820
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(7)	7	-	-	-	-	-	-
From conversion to credit-impaired financial assets	(2)	(7)	-	9	-	-	-	-
To 12-month ECL	357	(104)	-	(253)	-	-	-	-
Derecognizing financial assets during the current period	(14,002)	(524)	-	(1,483)	-	(16,009)	-	(16,009)
Purchased or originated new financial assets	16,959	-	-	193	-	17,152	-	17,152
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							5,118	5,118
Effect of exchange rate changes and others	269	272	-	651	-	1,192		1,192
Balance at December 31, 2020	\$ 112,463	\$ 371	\$ -	\$ 874	\$ -	\$ 113,708	\$ 197,565	\$ 311,273

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment unused amount for the year ended December 31, 2020. The aforementioned provision on December 31, 2020 increased by \$7,453 thousand from the beginning of the year.

16) A loss allowance for financial assets measured at FVTOCI

For the years ended December 31, 2021 and 2020, there was no significant increase in the credit risk of debt instruments measured at FVTOCI of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of December 31, 2021, and 2020, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were \$29,181 thousand and \$36,865 thousand, respectively.

17) A loss allowance for financial assets measured at amortized cost

For the years ended December 31, 2021 and 2020, there was no significant increase in the credit risk of debt investments measured at amortized cost of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of December 31, 2021, and 2020, the recognition of loss allowance were \$2,704 thousand, and \$2,989 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the years ended December 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 54,052	\$ 39,244	\$ -	\$ 1,098,055	\$ -	\$ 1,191,351	\$ 237,123	\$ 1,428,474
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(348)	2,694	-	(2,346)	-	-	-	-
From conversion to credit-impaired financial assets	(249)	(8,324)	-	8,573	-	-	-	-
To 12-month ECL	554	(197)	-	(357)	-	-	-	-
Derecognizing financial assets during the current period	(26,487)	(4,226)	-	(8,513)	-	(39,226)	-	(39,226)
Purchased or originated new financial assets	34,026	75	-	292	-	34,393	-	34,393
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans	-	-	-	(27,203)	-	(27,203)	(42,557)	(42,557)
Write-off	-	-	-	16,663	-	16,663	-	(27,203)
Recovery of written-off	-	-	-	-	-	-	-	16,663
Effect of exchange rate changes and others	(12,987)	(10,327)	-	(23,267)	-	(46,581)	-	(46,581)
Balance at December 31, 2021	\$ 48,561	\$ 18,939	\$ -	\$ 1,061,897	\$ -	\$ 1,129,397	\$ 194,566	\$ 1,323,963

For Year Ended December 31, 2020

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 46,283	\$ 32,925	\$ 1	\$ 1,137,187	\$ -	\$ 1,216,396	\$ 151,182	\$ 1,367,578
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2,520)	4,000	-	(1,480)	-	-	-	-
From conversion to credit-impaired financial assets	(2,731)	(1,495)	-	4,226	-	-	-	-
To 12-month ECL	397	(243)	-	(154)	-	-	-	-
Derecognizing financial assets during the current period	(22,386)	(564)	(1)	(4,202)	-	(27,153)	-	(27,153)
Purchased or originated new financial assets	34,164	75	-	7,823	-	42,062	-	42,062
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans	-	-	-	(54,935)	-	(54,935)	85,941	85,941
Write-off	-	-	-	76,572	-	76,572	-	(54,935)
Recovery of written-off	-	-	-	-	-	-	-	76,572
Effect of exchange rate changes and others	845	4,546	-	(66,982)	-	(61,591)	-	(61,591)
Balance at December 31, 2020	\$ 54,052	\$ 39,244	\$ -	\$ 1,098,055	\$ -	\$ 1,191,351	\$ 237,123	\$ 1,428,474

Changes in total book values of receivables for the years ended December 31, 2021 and 2020 of KGI Bank and subsidiaries:

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 29,977,874	\$ 239,811	\$ -	\$ 1,686,563	\$ -	\$ 31,904,248
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(112)	-	-	112	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(81,922)	37,468	-	44,454	-	-
Purchased or originated new receivables	9,589,038	861	-	740	-	9,590,639
Write-off	-	-	-	(27,203)	-	(27,203)
Derecognition	(12,779,036)	(64,786)	-	(43,308)	-	(12,887,130)
Effect of exchange rate changes and others	(407,208)	(1)	-	(30,986)	-	(438,195)
Balance at December 31, 2021	\$ 26,298,634	\$ 213,353	\$ -	\$ 1,630,372	\$ -	\$ 28,142,359

For Year Ended December 31, 2020

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 20,525,328	\$ 246,885	\$ 6	\$ 1,758,759	\$ -	\$ 22,530,978
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(81,942)	30,070	-	51,872	-	-
Purchased or originated new receivables	17,513,657	815	-	19,563	-	17,534,035
Write-off	-	-	-	(54,935)	-	(54,935)
Derecognition	(7,244,044)	(37,950)	(6)	(40,758)	-	(7,322,758)
Effect of exchange rate changes and others	(735,125)	(9)	-	(47,938)	-	(783,072)
Balance at December 31, 2020	\$ 29,977,874	\$ 239,811	\$ -	\$ 1,686,563	\$ -	\$ 31,904,248

19) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the years ended December 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 1,213,597	\$ 89,205	\$ -	\$ 557,519	\$ -	\$ 1,860,321	\$ 3,135,568	\$ 4,995,889
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,229)	19,129	-	(15,900)	-	-	-	-
From conversion to credit-impaired financial assets	(6,023)	(11,254)	-	17,277	-	-	-	-
To 12-month ECL	11,749	(2,277)	-	(9,472)	-	-	-	-
Derecognizing financial assets during the current period	(552,292)	(14,663)	-	(67,877)	-	(634,832)		(634,832)
Purchased or originated new financial assets	1,170,059	71	-	259	-	1,170,389		1,170,389
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							279,849	
Write-off	-	-	-	(691,658)	-	(691,658)		(691,658)
Recovery of written-off	-	-	-	655,256	-	655,256		655,256
Effect of exchange rate changes and others	(977,101)	22,287	-	54,176	-	(900,638)		(900,638)
Balance at December 31, 2021	\$ 856,760	\$ 102,498	\$ -	\$ 499,580	\$ -	\$ 1,458,838	\$ 3,415,417	\$ 4,874,255

For Year Ended December 31, 2020

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 1,450,530	\$ 80,266	\$ 1,479	\$ 597,543	\$ -	\$ 2,129,818	\$ 2,334,800	\$ 4,464,618
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,525)	18,638	-	(15,113)	-	-	-	-
From conversion to credit-impaired financial assets	(5,755)	(14,379)	-	20,134	-	-	-	-
To 12-month ECL	3,430	(2,594)	-	(836)	-	-	-	-
Derecognizing financial assets during the current period	(636,402)	(10,832)	(1,450)	(47,182)	-	(695,866)	-	(695,866)
Purchased or originated new financial assets	1,378,808	363	-	340	-	1,379,511	-	1,379,511
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans	-	-	-	-	-	-	800,768	800,768
Write-off	-	-	-	(416,374)	-	(416,374)	-	(416,374)
Recovery of written-off	-	-	-	683,743	-	683,743	-	683,743
Effect of exchange rate changes and others	(973,489)	17,743	(29)	(264,736)	-	(1,220,511)	-	(1,220,511)
Balance at December 31, 2020	\$ 1,213,597	\$ 89,205	\$ -	\$ 557,519	\$ -	\$ 1,860,321	\$ 3,135,568	\$ 4,995,889

Changes in total book values of discounts and loans for the years ended December 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 376,225,602	\$ 1,426,197	\$ -	\$ 2,303,265	\$ -	\$ 379,955,064
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(367,700)	-	-	367,700	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(773,375)	308,224	-	465,151	-	-
Purchased or originated new discounts and loans	563,479,790	3,810	-	931	-	563,484,531
Write-off	-	-	-	(691,658)	-	(691,658)
Derecognition	(560,100,507)	(294,650)	-	(290,504)	-	(560,685,661)
Effect of exchange rate changes and others	(3,460,706)	(2,107)	-	(2,591)	-	(3,465,404)
Balance at December 31, 2021	\$ 375,003,104	\$ 1,441,474	\$ -	\$ 2,152,294	\$ -	\$ 378,596,872

For Year Ended December 31, 2020

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 343,057,023	\$ 1,350,348	\$ 7,225	\$ 2,591,502	\$ 69,651	\$ 347,076,049
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(1,016,276)	443,060	-	573,216	-	-
Purchased or originated new discounts and loans	690,065,303	2,955	-	2,060	-	690,070,318
Write-off	-	-	-	(416,374)	-	(416,374)
Derecognition	(653,152,080)	(360,922)	(7,080)	(441,262)	(69,951)	(654,031,295)
Effect of exchange rate changes and others	(2,728,368)	(9,244)	(145)	(5,877)	-	(2,743,634)
Balance at December 31, 2020	\$ 376,225,602	\$ 1,426,197	\$ -	\$ 2,303,265	\$ -	\$ 379,955,064

KGI Securities and subsidiaries

Credit risk analysis

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries are exposed to during financial transactions include issuer's credit risk, and counterparty credit risk, etc.

- a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).
- b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Credit risk management

The investment, acquisition of fixed-income securities, other financial assets, and credit risk management of current counterparties are handled in accordance with KGI Securities and subsidiaries' internal control procedures and related regulations, and most of them have reached an external credit rating investment grade or above, so credit risk is very low.

3) Default and credit derogation definition of financial assets

- a) The definition of the credit assets default of the KGI Securities and subsidiaries are the same as that of the impaired credit assets. If there is evidence that the issuer or counterparty will be unable to pay, or has significant financial difficulties, such as:
 - i. The issuer or counterparty has been bankrupt or may file a petition for bankruptcy or financial restructuring.
 - ii. The contract of the other financial instrument of the issuer or counterparty has been breached.
 - iii. The active market for the financial asset disappeared due to the financial difficulties of the issuer or counterparty.
 - iv. Purchase or initiate financial assets at a substantial discount that reflects credit losses that have occurred.
- b) The aforementioned definition of default and credit impairment applies to all financial assets held by KGI Securities and subsidiaries are consistent with the definition of financial assets used for internal credit risk management purposes, and is used in the relevant impairment assessment.
- c) If a credit asset is assessed to no longer meet the definition of default and credit impairment, it should return to the state of compliance, and is no longer considered a credit asset for default and credit impairment.
- d) KGI securities and subsidiaries' financial assets are written-off if they are unable to reasonably expect that financial assets will be recovered (e.g., significant financial difficulties for the issuer or the debtor, or bankrupt).

4) Credit risk statement for financial assets

- a) Cash and cash equivalents, other financial assets

KGI Securities and subsidiaries mainly deposit cash such as cash in bank in creditworthy financial institutions and deposit a certain amount of securities in a specific accounts appointed by the futures companies when engaging in future trading. KGI Securities and subsidiaries regularly evaluate the financial, operating and credit risk status of financial institutions and futures companies, and control the credit risk with the results. The evaluated credit risk is under KGI Securities and subsidiaries' control.

- b) Financial assets measured at fair value through profit or loss - current

KGI Securities holds the unsecured corporate bonds, convertible (exchangeable) corporate bonds and part of the CB Asset Swap. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank. In most other holdings, KGI Securities conducts CB asset swap and issues Credit Linked Note to transfer credit risk and lower the credit risk exposure of the issuer. Therefore, the credit risk of the issuer has been effective control.

- c) Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments)

KGI Securities holds mainly the medium and long-term bond investment position. KGI Securities pays attention to the credit rating of each investment and the financial status of the issuer (or guarantee institution) in order to minimize credit risk.

- d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

- e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable, futures commission merchant receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

- f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

- g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

- h) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

5) Assessment of expected credit losses

- a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

KGI Securities and domestic subsidiaries

KGI Securities and its domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and relevant forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

Overseas subsidiaries

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased after the initial recognition on each balance sheet date to determine the method of measuring the allowance loss and its loss rate.

In order to measure expected credit losses, KGI Securities and subsidiaries consider the probability of default (PD) of financial assets or the issuer or counterparty for the next 12 months, which collectively consider the loss given default (LGD), and is multiplied by exposure at default (EAD). KGI Securities and subsidiaries assess financial assets measured at amortized cost with exposure at default and consider the impact of time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and loss rate given default is the rate of loss caused by default by the issuer or counterparty. The probability of default and loss given default used by KGI Securities and subsidiaries in related assessment of impairment are mainly relied on the probability of default and loss given default that are regularly announced by international credit rating agencies.

The aforementioned impairment assessment method and related indicators of debt instrument investment are described as follows:

Degree of Credit Risk	Indicators	Measurement of Expected Credit Loss
Low credit risk	Ratings above BBB-/counterparty with good credit	12 months expected credit loss
Credit risk significantly increase	Ratings between BB+-C (Note)	Lifetime expected credit loss
Impaired/default	Ratings below D and impaired	Lifetime expected credit loss

Note: KGI Securities and subsidiaries consider information which indicates significant and evidential increase in credit risk (including forward-looking information) since the initial recognition. The main considerations including:

- i. External credit ratings, overdue status information, credit spreads, other market information related to borrowers, issuers or counterparties, and the same borrowers' credit risk of other financial instruments increases significantly.
 - ii. Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition.
- 6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the years ended December 31, 2021 and 2020.

Disclosure of total book value and allowance loss for financial assets' expected credit loss

- 1) Summary of KGI Securities and subsidiaries' total book value and allowance loss as of December 31, 2021 and 2020 are listed as follows:

Financial assets at fair value through other comprehensive income

Total book value for financial assets at debt instruments at fair value through other comprehensive income as of December 31, 2021 and 2020 were \$29,754,716 thousand and \$31,250,234 thousand, respectively, and allowance were \$23,735 thousand and \$15,736 thousand, respectively.

Accounts receivable and others

December 31, 2021

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 15,671,771	\$ (90)	\$ 15,671,681
Bonds purchased under resell agreement	13,702,755	(11)	13,702,744
Margin loans receivables	39,093,159	(3,010)	39,090,149
Trading securities receivables	7,279,801	(548)	7,279,253
Customer's margin accounts	51,969,284	(1,468)	51,967,816
Futures commission merchant receivable	134,733	(134,733)	-
Deposits required for securities borrowing	40,699,616	(18)	40,699,598
Accounts receivable	40,363,415	(2,352)	40,361,063
Other current assets	55,952,946	(12,320)	55,940,626
Other non-current assets	<u>3,884,423</u>	<u>(823,829)</u>	<u>3,060,594</u>
	<u>\$ 268,751,903</u>	<u>\$ (978,379)</u>	<u>\$ 267,773,524</u>

December 31, 2020

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 16,019,018	\$ (115)	\$ 16,018,903
Bonds purchased under resell agreement	13,610,026	-	13,610,026
Margin loans receivables	37,027,504	(1,367)	37,026,137
Trading securities receivables	4,361,551	(248)	4,361,303
Customer's margin accounts	54,511,969	(1,572)	54,510,397
Futures commission merchant receivable	168,217	(166,781)	1,436
Accounts receivable	47,619,101	(1,502)	47,617,599
Other current assets	34,940,421	(7,844)	34,932,577
Other non-current assets	<u>4,377,625</u>	<u>(1,468,867)</u>	<u>2,908,758</u>
	<u>\$ 212,635,432</u>	<u>\$ (1,648,296)</u>	<u>\$ 210,987,136</u>

- 2) Changes in allowance losses of KGI Securities and subsidiaries for the years ended December 31, 2021 and 2020 are as follows:

- a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss
January 1, 2021	\$ 15,736
Addition	8,175
Change in exchange rate and others	<u>(176)</u>
December 31, 2021	<u>\$ 23,735</u>
January 1, 2020	\$ 10,992
Addition	5,072
Change in exchange rate and others	<u>(328)</u>
December 31, 2020	<u>\$ 15,736</u>

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the years ended December 31, 2021 and 2020, were influenced by the derecognition and purchase.

b) Receivables and others

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Credit Impaired Financial Assets (Lifetime Expected Credit Loss)	Lifetime Expected Credit Loss (Simplify)	Total
January 1, 2021	\$ 7,888	\$ 73	\$ 1,637,566	\$ 2,769	\$ 1,648,296
Addition	4,775	583	29,592	1,915	36,865
Derecognizing financial assets during the current period	-	-	(32,911)	-	(32,911)
Write-off	-	-	(655,980)	-	(655,980)
Change in exchange rate and others	<u>(316)</u>	<u>(11)</u>	<u>(17,562)</u>	<u>(2)</u>	<u>(17,891)</u>
December 31, 2021	<u>\$ 12,347</u>	<u>\$ 645</u>	<u>\$ 960,705</u>	<u>\$ 4,682</u>	<u>\$ 978,379</u>
January 1, 2020	\$ 5,263	\$ 402	\$ 1,914,235	\$ 3,339	\$ 1,923,239
Addition (reversal)	2,960	(318)	10,435	(567)	12,510
Derecognizing financial assets during the current period	-	-	(2,373)	-	(2,373)
Changes in consolidated entities	-	-	(254,781)	-	(254,781)
Write-off	-	-	(5,410)	-	(5,410)
Change in exchange rate and others	<u>(335)</u>	<u>(11)</u>	<u>(24,540)</u>	<u>(3)</u>	<u>(24,889)</u>
December 31, 2020	<u>\$ 7,888</u>	<u>\$ 73</u>	<u>\$ 1,637,566</u>	<u>\$ 2,769</u>	<u>\$ 1,648,296</u>

The aforementioned total book value of receivables and other financial assets were influenced by the impact of securities market transactions.

CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries are exposed to credit risk due to default on contracts by counterparties. As of the balance sheet date, CDIB Capital Group and subsidiaries' maximum exposure to credit risk due to the counterparties' default on obligations is equal to the book value.

The maximum exposure to credit risk held by CDIB Capital Group and subsidiaries of the financial instruments is equal to the book value.

China Life Insurance

- Credit risk analysis

- 1) Credit risk refers to the counterparties fail to fulfill obligations of contract, resulting in the risk of loss of value. Credit risks of China Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

The departments of China Life Insurance follow credit risk policies, procedures and controls to manage credit risks. The credit risk assessment of all issuers or counterparties is based on comprehensive consideration of their financial status, credit ratings, historical transaction records, current economic environment, China Life Insurance's internal rating indicators, and etc. Also, China Life Insurance uses certain credit enhancement tools in due course to reduce the credit risk of a particular issuer or counterparty.

For investments of financial instruments, its original purchase is based on the premise that the credit risk is low, and on each balance sheet date, it is assessed whether the conditions of low credit risk are still met to determine the method of measuring the allowance. Also, China Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, China Life Insurance has established credit VaR model to assess the maximum loss of the credit positions due to changes of credit rating or default. Besides, China Life Insurance also evaluates credit risk and concentration risk based on issuer's region, industry and credit rating within portfolios.

Lending of China Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

China Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss and its loss rate. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, other market information related to the issuer which shows that its credit risk has increased significantly, etc. If the credit risk of a financial asset at the balance sheet date is low, it is assumed that the credit risk of the financial asset has not increased significantly since the initial recognition. For the judgment of credit impairment, it refers to the default of contract, the overdue payment of interest or principal for holding debt instruments for more than 90 days, the happening of major financial difficulties, bankruptcy or financial reorganization of the issuer. For financial assets whose credit risk has not increased significantly since initial recognition, China Life Insurance measures the allowance loss by the 12-month expected credit loss amount; For financial assets with a significant increase in credit risk or credit impairment since initial recognition, China Life Insurance measures the allowance loss by the amount of expected credit loss during the lifetime.

Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. China Life Insurance employs information on the default probability and default loss rate published by external credit rating agencies and adjusts it based on forward-looking general economic information.

China Life employs amortized cost of financial assets plus accrued interest and receivables as a measure of exposure at default, while loans are calculated as the sum of the principal balance of the debtor at the time of calculation, interest, and payable as a measure of exposure at default.

Some of the allowance losses of part of receivables are measured by its expected credit losses for its lifetime. The expected credit losses during the existence period is considered by the past default records and current information, and the expected credit loss rate is set based on the overdue days of receivables.

In February 2022, a military conflict broke out between Russia and Ukraine and triggered international sanctions. China Life Insurance will continue to pay attention to the follow-up development and take the impact of this incident into consideration when evaluating the expected credit losses of relevant financial assets in 2022.

2) Financial assets credit risk concentration analysis

- a) The largest credit risk exposure of the financial debt instrument investments held by China Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

December 31, 2021

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 129,250,490	\$ 10,620,757	\$ 13,914,048	\$ -	\$ -	\$ 153,785,295
Financial assets at fair value through profit or loss	24,218,292	7,592,246	16,850,342	2,485,524	-	51,146,404
Financial assets at fair value through other comprehensive income	55,616,783	86,249,417	50,287,213	34,207,632	-	226,361,045
Financial assets at amortized cost	144,791,992	327,458,052	283,806,918	440,734,653	4,519,353	1,201,310,968
Refundable deposits - bonds	7,402,206	-	-	-	-	7,402,206
	<u>\$ 361,279,763</u>	<u>\$ 431,920,472</u>	<u>\$ 364,858,521</u>	<u>\$ 477,427,809</u>	<u>\$ 4,519,353</u>	<u>\$ 1,640,005,918</u>
Proportion	22.03%	26.34%	22.25%	29.11%	0.27%	100.00%

December 31, 2020

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 84,093,524	\$ 6,884,611	\$ 10,396,658	\$ -	\$ -	\$ 101,374,793
Financial assets at fair value through profit or loss	25,959,157	6,815,077	12,949,791	1,154,779	-	46,878,804
Financial assets at fair value through other comprehensive income	79,525,371	145,013,479	88,243,469	112,558,723	-	425,341,042
Financial assets at amortized cost	150,155,870	280,982,045	233,038,226	376,078,307	6,141,153	1,046,395,601
Refundable deposits - bonds	7,092,185	-	-	-	-	7,092,185
	<u>\$ 346,826,107</u>	<u>\$ 439,695,212</u>	<u>\$ 344,628,144</u>	<u>\$ 489,791,809</u>	<u>\$ 6,141,153</u>	<u>\$ 1,627,082,425</u>
Proportion	21.32%	27.02%	21.18%	30.10%	0.38%	100.00%

- b) China Life Insurance's regional distribution of credit risk exposure for loans (excluding policy loans and automatic premium loans) is as follows:

December 31, 2021

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 193,503	\$ 86,402	\$ 109,333	\$ 389,238
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 193,503</u>	<u>\$ 86,402</u>	<u>\$ 109,333</u>	<u>\$ 389,238</u>
Proportion	<u>49.71%</u>	<u>22.20%</u>	<u>28.09%</u>	<u>100.00%</u>

December 31, 2020

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 289,438	\$ 138,635	\$ 146,264	\$ 574,337
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 289,438</u>	<u>\$ 138,635</u>	<u>\$ 146,264</u>	<u>\$ 574,337</u>
Proportion	<u>50.39%</u>	<u>24.14%</u>	<u>25.47%</u>	<u>100.00%</u>

- 3) Disclosure of total book value and allowance loss for financial assets' expected credit loss

The reconciliation statement of loss allowance for financial assets measured at FVTOCI for the years ended December 31, 2021 and 2020 were as follows:

	12 Months expected Credit Loss	Lifetime Expected Credit Loss (Credit risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized In Accordance with IFRS 9
January 1, 2021	\$ 24,319	\$ -	\$ -	\$ 24,319
Disposal	(12,342)	-	-	(12,342)
Addition	1,069	-	-	1,069
Change in model/risk parameters	4,810	-	-	4,810
Change in exchange rate and others	<u>(579)</u>	<u>-</u>	<u>-</u>	<u>(579)</u>
December 31, 2021	<u>\$ 17,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,277</u>

(Continued)

	12 Months expected Credit Loss	Lifetime Expected Credit Loss (Credit risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized In Accordance with IFRS 9
January 1, 2020	\$ 39,460	\$ -	\$ -	\$ 39,460
Disposal	(6,995)	-	-	(6,995)
Addition	8,265	-	-	8,265
Change in model/risk parameters	(15,801)	-	-	(15,801)
Change in exchange rate and others	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>(610)</u>
December 31, 2020	<u>\$ 24,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,319</u> (Concluded)

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the years ended December 31, 2021 and 2020 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit risk Significantly Increase)	Lifetime Expected Credit Loss (Credit risk Has Been Impaired)	Impairment Recognized In Accordance with IFRS 9
January 1, 2021	\$ 56,917	\$ -	\$ -	\$ 56,917
Change due to financial assets recognized at the beginning of the period				
Change to duration expected credit loss	(154)	154	-	-
Disposal	(6,155)	(23)	-	(6,178)
Addition	29,274	-	-	29,274
Change in model/risk parameters	23,968	47,436	-	71,404
Change in exchange rate and others	<u>(2,074)</u>	<u>(1,365)</u>	<u>-</u>	<u>(3,439)</u>
December 31, 2021	<u>\$ 101,776</u>	<u>\$ 46,202</u>	<u>\$ -</u>	<u>\$ 147,978</u>
January 1, 2020	\$ 102,968	\$ -	\$ -	\$ 102,968
Disposal	(22,780)	-	-	(22,780)
Addition	18,317	-	-	18,317
Change in model/risk parameters	(39,892)	-	-	(39,892)
Change in exchange rate and others	<u>(1,696)</u>	<u>-</u>	<u>-</u>	<u>(1,696)</u>
December 31, 2020	<u>\$ 56,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,917</u>

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the years ended December 31, 2021 and 2020 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized In Accordance with IFRS 9
January 1, 2021	\$ 805	\$ -	\$ -	\$ 805
Change due to financial assets recognized at the beginning of the period				
Change to duration expected credit loss	(1)	1	-	-
Disposal	(187)	-	-	(187)
Addition	267	-	-	267
Change in model/risk parameters	296	399	-	695
Change in exchange rate and others	<u>(28)</u>	<u>(12)</u>	<u>-</u>	<u>(40)</u>
December 31, 2021	<u>\$ 1,152</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ 1,540</u>
January 1, 2020	\$ 1,362	\$ -	\$ -	\$ 1,362
Disposal	(167)	-	-	(167)
Addition	211	-	-	211
Change in model/risk parameters	(579)	-	-	(579)
Change in exchange rate and others	<u>(22)</u>	<u>-</u>	<u>-</u>	<u>(22)</u>
December 31, 2020	<u>\$ 805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 805</u>

For the years ended December 31, 2021 and 2020, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward - looking factors, follow as disposals and new additions.

The expected credit loss rate measuring the amount of allowance loss of the investment in debt instruments of financial assets and other related receivables are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.06%	0.00%-0.00%	-
Measured at amortized cost	0.00%-0.06%	1.80%-1.93%	-
Other receivables	0.00%-0.06%	1.80%-1.93%	-

China Life Insurance assesses its debt investments at fair value through other comprehensive income, debt investments measured at amortized cost and other receivables. The assessment do not have significant increase in credit risk on December 31, 2020. Therefore, the 12-month expected credit loss is used to measure the amount of allowance loss. The loss rate were 0.00% and 0.04%, respectively.

Changes in allowance losses for the years ended December 31, 2021 and 2020 are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Different of Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2021	\$ 8	\$ 384	\$ 444	\$ 836	\$ 8,312	\$ 9,148
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	1	-	(18)	(17)	-	(17)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(2,711)	(2,711)
Change in exchange rate and others	(4)	(191)	(96)	(291)	-	(291)
December 31, 2021	<u>\$ 5</u>	<u>\$ 193</u>	<u>\$ 330</u>	<u>\$ 528</u>	<u>\$ 5,601</u>	<u>\$ 6,129</u>

(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Different of Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2020	\$ 53	\$ 347	\$ 709	\$ 1,109	\$ 11,951	\$ 13,060
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	114	-	(114)	-	-	-
Disposal	9	-	(14)	(5)	-	(5)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(3,639)	(3,639)
Change in exchange rate and others	(168)	37	(137)	(268)	-	(268)
December 31, 2020	<u>\$ 8</u>	<u>\$ 384</u>	<u>\$ 444</u>	<u>\$ 836</u>	<u>\$ 8,312</u>	<u>\$ 9,148</u>

(Concluded)

The allowance loss of China Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the years ended December 31, 2021 and 2020 are as follows:

	Receivables For the Years Ended December 31	
	2021	2020
January 1	\$ 6,874	\$ 7,845
Addition (reversal)	(2,303)	(971)
Written-off due to uncollectable	-	-
December 31	<u>\$ 4,571</u>	<u>\$ 6,874</u>

4) The information on the total book value and credit risk ratings of financial assets

- a) Financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and related other receivables

December 31, 2021

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment Grade</u>				
Financial assets at fair value through other comprehensive income	\$ 213,332,708	\$ -	\$ -	\$ 213,332,708
Financial assets measured at amortized cost	1,204,481,553	2,472,225	-	1,206,953,778
Other receivables	11,663,976	20,872	-	11,684,848

Non-investment Grade

Financial assets at fair value through other comprehensive income	3,247,410	-	-	3,247,410
Financial assets measured at amortized cost	1,907,374	-	-	1,907,374
Other receivables	100,661	-	-	100,661

December 31, 2020

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment Grade</u>				
Financial assets at fair value through other comprehensive income	\$ 369,085,388	\$ -	\$ -	\$ 369,085,388
Financial assets measured at amortized cost	1,051,889,558	-	-	1,051,889,558
Other receivables	11,982,573	-	-	11,982,573

Non-investment Grade

Financial assets at fair value through other comprehensive income	5,421,034	-	-	5,421,034
Financial assets measured at amortized cost	1,655,145	-	-	1,655,145
Other receivables	138,379	-	-	138,379

Note 1: Including securities serving as collateral deposits.

Note 2: China Life Insurance's investment grade based on rating of the credit rating agencies: Investment grade means credit rating reaches at least BBB-granted by a credit rating agency; Non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

b) Guarantee loans and related other receivables

December 31, 2021

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 388,984	\$ 330
Credit risk significantly increase	Lifetime expected credit loss	1,180	5
Impairment	Lifetime expected credit loss	<u>5,203</u>	<u>5</u>
Total book value		<u>\$ 395,367</u>	<u>\$ 340</u>

December 31, 2020

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 575,133	\$ 488
Credit risk significantly increase	Lifetime expected credit loss	2,002	9
Impairment	Lifetime expected credit loss	<u>6,350</u>	<u>6</u>
Total book value		<u>\$ 583,485</u>	<u>\$ 503</u>

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing profit or capital loss because of the inability to obtain funds with reasonable price to meet the financial obligation with a reasonable time, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

KGI Bank's liquidity risk management uses gap limit management strategy, which is the net cumulative mismatch of inflows and outflows, and calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each currency as a basis for controlling the liquidity risk. For Liquidity gap management, KGI Bank also actively deconcentrates funding sources, distributes the fund maturity date based on the gap report, disperses the call loans (lending) from counterparties and increases the renewal rate of enterprises' deposits to enhance the stability of the resources of funds.

3) Maturity analysis of financial assets and non-derivative financial liabilities held for liquidity risk management

a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade profit-generating assets to pay off obligations and meet any potential emergency funding needs in the market environment. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans, etc.

b) Maturity analysis of non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on the remaining period from the balance sheet date to the maturity date of the contract. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 6,023,296	\$ -	\$ -	\$ 166,850	\$ -	\$ 6,190,146
Notes and bonds issued under repurchase agreement	4,700,647	1,100,210	-	-	-	5,800,857
Deposits and remittances	41,193,532	93,476,840	70,321,598	106,288,309	22,748,717	334,028,996
Loans payable	-	-	-	129,490	25,250,000	25,379,490
Other capital outflow on maturity	4,078,954	379,906	354,651	3,966,071	4,121,245	12,900,827
Total	\$ 55,996,429	\$ 94,956,956	\$ 70,676,249	\$ 110,550,720	\$ 52,119,962	\$ 384,300,316

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 2,023,296	\$ -	\$ -	\$ 166,850	\$ -	\$ 2,190,146
Notes and bonds issued under repurchase agreement	9,150,478	2,100,000	-	-	-	11,250,478
Deposits and remittances	63,787,029	107,339,743	66,310,454	93,565,302	23,962,425	354,964,953
Loans payable	-	76,030	-	-	20,250,000	20,326,030
Other capital outflow on maturity	5,325,202	819,304	243,406	689,627	1,989,673	9,067,212
Total	\$ 80,286,005	\$ 110,335,077	\$ 66,553,860	\$ 94,421,779	\$ 46,202,098	\$ 397,798,819

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 110,000	\$ 380,000	\$ -	\$ -	\$ -	\$ 490,000
Notes and bonds issued under repurchase agreement	313,395	661,840	273,650	-	-	1,248,885
Deposits and remittances	1,960,468	2,289,458	279,642	767,524	548	5,297,640
Loans payable	-	-	-	-	373,939	373,939
Other capital outflow on maturity	40,014	12,717	3,000	36	161,108	216,875
Total	\$ 2,423,877	\$ 3,344,015	\$ 556,292	\$ 767,560	\$ 535,595	\$ 7,627,339

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 25,000	\$ 279,000	\$ 20,000	\$ -	\$ -	\$ 324,000
Notes and bonds issued under repurchase agreement	493,350	839,948	-	-	-	1,333,298
Deposits and remittances	1,916,605	1,028,415	766,298	1,036,791	633	4,748,742
Loans payable	-	-	-	-	388,571	388,571
Other capital outflow on maturity	22,909	24,816	3,841	69	173,673	225,308
Total	\$ 2,457,864	\$ 2,172,179	\$ 790,139	\$ 1,036,860	\$ 562,877	\$ 7,019,919

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (177,221,843)	\$ (208,587,820)	\$ (156,161,476)	\$ (136,346,089)	\$ (13,008,417)	\$ (691,325,645)
Cash inflow	153,887,697	185,607,754	153,162,118	142,131,466	11,195,610	645,984,645
Interest rate derivatives instruments						
Cash outflow	(163,297)	(202,138)	(10,968)	(1,558)	(11,625,928)	(12,003,889)
Cash inflow	120,182	211,781	10,247	-	-	342,210
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(19,171)	-	-	-	(19,171)
Cash inflow	-	81,296	3,885	39,696	-	124,877
Cash outflow subtotal	(177,385,140)	(208,809,129)	(156,172,444)	(136,347,647)	(24,634,345)	(703,348,705)
Cash inflow subtotal	154,007,879	185,900,831	153,176,250	142,171,162	11,195,610	646,451,732
Net cash flow	\$ (23,377,261)	\$ (22,908,298)	\$ (2,996,194)	\$ 5,823,515	\$ (13,438,735)	\$ (56,896,973)

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (206,824,985)	\$ (196,789,956)	\$ (140,803,366)	\$ (137,735,779)	\$ (4,361,229)	\$ (686,515,315)
Cash inflow	194,310,806	181,563,454	146,455,432	139,386,098	1,427,600	663,143,390
Interest rate derivatives instruments						
Cash outflow	(164,442)	(262,309)	-	-	(16,501,198)	(16,927,949)
Cash inflow	157,617	258,900	-	-	-	416,517
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(12,682)	-	-	-	(12,682)
Cash inflow	-	47,952	-	39,576	-	87,528
Cash outflow subtotal	(206,989,427)	(197,064,947)	(140,803,366)	(137,735,779)	(20,862,427)	(703,455,946)
Cash inflow subtotal	194,468,423	181,870,306	146,455,432	139,425,674	1,427,600	663,647,435
Net cash flow	\$ (12,521,004)	\$ (15,194,641)	\$ 5,652,066	\$ 1,689,895	\$ (19,434,827)	\$ (39,808,511)

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (6,530,255)	\$ (7,435,810)	\$ (5,976,675)	\$ (5,882,118)	\$ (446,322)	\$ (26,271,180)
Cash inflow	7,838,238	8,352,981	6,122,189	5,641,870	516,822	28,472,100
Interest rate derivatives instruments						
Cash outflow	(43,395)	(6,319)	(8,282)	(7,272)	(140,925)	(206,193)
Cash inflow	4,141	9,751	6,028	1,401	856	22,177
Others						
Cash outflow	(150)	-	-	-	-	(150)
Cash inflow	220	-	-	-	-	220
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(534)	(1,566)	(2,584)	-	-	(4,684)
Cash inflow	104	167	-	-	-	271
Cash outflow subtotal	(6,574,334)	(7,443,695)	(5,987,541)	(5,889,390)	(587,247)	(26,482,207)
Cash inflow subtotal	7,842,703	8,362,899	6,128,217	5,643,271	517,678	28,494,768
Net cash flow	\$ 1,268,369	\$ 919,204	\$ 140,676	\$ (246,119)	\$ (69,569)	\$ 2,012,561

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (7,969,556)	\$ (7,382,985)	\$ (5,365,240)	\$ (5,101,049)	\$ (68,362)	\$ (25,887,192)
Cash inflow	8,882,167	7,921,998	5,233,584	5,049,456	167,364	27,254,569
Interest rate derivatives instruments						
Cash outflow	(99,212)	(55,360)	(36,213)	(6,217)	(12,355)	(209,357)
Cash inflow	19,520	44,758	39,476	770	-	104,524
Others						
Cash outflow	(102)	-	-	-	-	(102)
Cash inflow	22	-	-	-	-	22
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(732)	(949)	(1,441)	-	-	(3,122)
Cash inflow	131	130	-	-	-	261
Cash outflow subtotal	(8,069,602)	(7,439,294)	(5,402,894)	(5,107,266)	(80,717)	(26,099,773)
Cash inflow subtotal	8,901,840	7,966,886	5,273,060	5,050,226	167,364	27,359,376
Net cash flow	\$ 832,238	\$ 527,592	\$ (129,834)	\$ (57,040)	\$ 86,647	\$ 1,259,603

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 14,923,239	\$ 8,916,761	\$ 4,161,137	\$ 9,601,983	\$ 19,648,107	\$ 57,251,227

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 15,124,722	\$ 5,848,748	\$ 3,537,160	\$ 8,468,668	\$ 14,800,039	\$ 47,779,337

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 99,153,997	\$ 180,144,514	\$ 239,929,388	\$ 189,305,600	\$ 198,165,979	\$ 237,837,252	\$ 1,144,536,730
Main capital outflow on maturity	82,934,760	167,709,968	33,889,688	259,769,742	306,466,314	247,372,917	1,401,143,389
Gap	16,219,237	12,434,546	(90,960,300)	(70,464,142)	(108,300,335)	(9,535,665)	(256,606,659)

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 126,259,626	\$ 218,538,885	\$ 236,331,669	\$ 183,460,469	\$ 199,364,727	\$ 201,291,671	\$ 1,165,267,047
Main capital outflow on maturity	86,694,650	218,565,015	342,305,036	235,556,543	290,957,932	239,858,879	1,413,938,055
Gap	39,564,976	(26,130)	(105,973,367)	(52,076,074)	(91,593,205)	(38,567,208)	(248,671,008)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 9,188,780	\$ 8,888,255	\$ 6,461,167	\$ 6,000,356	\$ 3,767,930	\$ 34,306,488
Main capital outflow on maturity	9,474,104	11,739,495	7,422,932	8,000,632	3,848,540	40,485,703
Gap	(285,324)	(2,851,240)	(961,765)	(2,000,276)	(80,610)	(6,179,215)

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 9,833,682	\$ 8,448,038	\$ 5,800,874	\$ 5,403,847	\$ 3,873,543	\$ 33,359,984
Main capital outflow on maturity	10,655,036	9,866,406	6,457,437	6,655,130	1,861,711	35,495,720
Gap	(821,354)	(1,418,368)	(656,563)	(1,251,283)	2,011,832	(2,135,736)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2021	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 7,999,949	\$ 4,389,467	\$ 3,282,265	\$ -	\$ -	\$ 15,671,681
Financial assets measured at FVTPL - current	48,512,763	10,558,608	1,120,264	15,285,546	16,576	75,493,757
Financial assets measured at FVTOCI - current	19,417,648	3,077,052	9,083,339	-	-	31,578,039
Financial assets for hedging - current	-	(3,763)	(6,236)	15,424	3,615	9,040
Securities purchased under resell agreement	-	13,704,621	-	-	-	13,704,621
Receivables	38,197,819	16,993,054	31,517,587	26,034	-	86,734,494
Customer margin accounts	51,967,816	-	-	-	-	51,967,816
Stock borrowing collateral price and security lending deposits	5,030,428	27,643,869	8,616,952	-	-	41,291,249
Current tax assets	-	-	5,386	9,390	-	14,776
Other current assets	53,751,966	1,999,618	187,863	1,179	-	55,940,626
Financial assets measured at FVTPL - non-current	-	-	-	945,652	2,724,011	3,669,663
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,938,113	6,938,113
Investments accounted for using the equity method	-	-	-	-	2,569,654	2,569,654
Other non-current assets	1,371	1,249	-	9,547	2,976,476	2,988,643
Total	\$ 224,879,760	\$ 78,363,775	\$ 53,807,420	\$ 16,292,772	\$ 15,228,445	\$ 388,572,172
Percentage	57.87%	20.17%	13.85%	4.19%	3.92%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2021	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 17,299,940	\$ -	\$ -	\$ -	\$ 17,299,940
Commercial paper payable	-	816,022	-	-	-	816,022
Financial liabilities measured at FVTPL - current	14,452,771	5,526,632	3,191,131	11,428,359	2,139,402	36,738,295
Bonds issued under repurchase agreements	-	59,125,161	-	-	-	59,125,161
Payables	65,569,956	2,291,779	4,834,787	-	-	71,696,522
Guarantee deposits received from security lending	-	12,939,668	34,479,842	-	-	47,419,510
Futures customers' equity	50,125,388	-	-	-	-	50,125,388
Amounts collected for others/other payables/other current liabilities	20,132,509	1,782,641	8,065,969	2,935	43	29,984,097
Other financial liabilities - current	-	3,231,447	412	792	1,781	3,234,432
Lease liabilities - current	-	84,650	215,996	-	-	300,646
Current tax liabilities	-	-	340,983	-	2,423,949	2,764,932
Current portion of long-term liabilities	-	-	300,000	-	-	300,000
Bonds payable	-	-	-	4,900,000	4,000,000	8,900,000
Liabilities reserve - non-current	-	-	-	920	205,941	206,861
Lease liabilities - non-current	-	-	-	936,351	-	936,351
Other non-current liabilities	-	-	49	1,008,028	65,337	1,073,414
Total	\$ 149,280,624	\$ 103,097,940	\$ 51,429,169	\$ 18,277,385	\$ 8,836,453	\$ 330,921,571
Percentage	45.11%	31.16%	15.54%	5.52%	2.67%	100%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2021	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 224,879,760	\$ 78,363,775	\$ 53,807,420	\$ 16,292,772	\$ 15,228,445	\$ 388,572,172
Cash outflow	149,280,624	103,097,940	51,429,169	18,277,385	8,836,453	330,921,571
Amount of cash flow gap	\$ 75,599,136	\$ (24,734,165)	\$ 2,378,251	\$ (1,984,613)	\$ 6,391,992	\$ 57,650,601

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 6,935,304	\$ 3,651,859	\$ 5,431,740	\$ -	\$ -	\$ 16,018,903
Financial assets measured at FVTPL - current	56,815,841	9,670,818	710,972	11,523,068	7,750	78,728,449
Financial assets measured at FVTOCI - current	20,401,895	4,088,596	365,734	-	-	24,856,225
Securities purchased under resell agreement	-	13,612,920	-	-	-	13,612,920
Receivables	62,857,158	4,352,481	21,824,794	13,323	-	89,047,756
Customer margin accounts	54,510,397	-	-	-	-	54,510,397
Stock borrowing collateral price and security lending deposits	7,983,545	21,444,531	13,041,029	-	-	42,469,105
Current tax assets	-	-	6,515	10,061	-	16,576
Other current assets	32,879,769	1,640,660	412,148	-	-	34,932,577
Financial assets measured at FVTPL - non-current	-	-	-	585,801	2,428,662	3,014,463
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,887,144	6,887,144
Investments accounted for using the equity method	-	-	-	-	19,251,480	19,251,480
Other non-current assets	-	-	90	1,907	2,859,626	2,861,623
Total	\$ 242,383,909	\$ 58,461,865	\$ 41,793,022	\$ 12,134,160	\$ 31,434,662	\$ 386,207,618
Percentage	62.76%	15.14%	10.82%	3.14%	8.14%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2020	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 20,632,053	\$ -	\$ -	\$ -	\$ 20,632,053
Commercial paper payable	-	3,661,296	-	-	-	3,661,296
Financial liabilities measured at FVTPL - current	20,792,004	2,480,421	2,147,320	9,760,280	2,379,082	37,559,107
Bonds issued under repurchase agreements	-	75,608,138	-	-	-	75,608,138
Payables	67,979,094	1,982,879	5,106,503	-	-	75,068,476
Guarantee deposits received from security lending	-	12,730,327	28,080,025	-	-	40,810,352
Futures customers' equity	52,663,335	-	-	-	-	52,663,335
Amounts collected for others/other payables/other current liabilities	3,155,106	1,804,672	4,702,357	58,490	43	9,720,668
Other financial liabilities - current	-	4,150,226	133	1,164	2,137	4,153,660
Lease liabilities - current	-	124,556	341,432	-	-	465,988
Current tax liabilities	-	-	298,916	-	1,272,453	1,571,369
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,643	188,069	212,712
Lease liabilities - non-current	-	-	-	573,570	-	573,570
Other non-current liabilities	-	-	20	815,886	85,192	901,098
Total	\$ 144,589,539	\$ 123,174,568	\$ 40,676,706	\$ 14,134,033	\$ 5,226,976	\$ 327,801,822
Percentage	44.11%	37.58%	12.41%	4.31%	1.59%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 242,383,909	\$ 58,461,865	\$ 41,793,022	\$ 12,134,160	\$ 31,434,662	\$ 386,207,618
Cash outflow	144,589,539	123,174,568	40,676,706	14,134,033	5,226,976	327,801,822
Amount of cash flow gap	\$ 97,794,370	\$ (64,712,703)	\$ 1,116,316	\$ (1,999,873)	\$ 26,207,686	\$ 58,405,796

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from December 31, 2021 and 2020, show that the sums from deducting cash outflow from cash inflow are \$57,650,601 thousand and \$58,405,796 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

- a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

- b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

CDIB Capital Group and subsidiaries

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

CDIB Capital Group's Management policies of liquidity risk are as follows:

- 1) Disposal of capital surplus should consider possible future capital requirements, diversification of capital sources and reasonable liquidity of liability structure.
- 2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of December 31, 2021 and 2020, CDIB Capital Group and subsidiaries' other financial liabilities are \$0 thousand and \$354,235 thousand, respectively, and will be paid by financial assets and the rest of non-derivative financial liabilities are \$4,703,213 thousand and \$3,726,157 thousand, respectively, and are mainly all current liabilities.

China Life Insurance

- 1) Liquidity risks are classified to "funding liquidity risk" and "market liquidity risk." "Funding liquidity risk" represents that China Life Insurance is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. "Market liquidity risk" represents the risk that China Life Insurance sells at loss to meet the demand for cash.

China Life Insurance assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, China Life Insurance manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how China Life Insurance in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

China Life Insurance regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, China Life Insurance reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

- 2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities
 - a) Financial assets held for managing liquidity risk

China Life Insurance holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, etc.

b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to China Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	December 31, 2021			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 13,110,913	\$ 58,112	\$ -	\$ 13,169,025
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	137,790	405,177	3,475,404	4,018,371

	December 31, 2020			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 13,226,534	\$ 37,902	\$ -	\$ 13,264,436
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	142,264	370,750	3,517,832	4,030,846

c) Maturity analysis of derivative financial liabilities

China Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

China Life Insurance has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. China Life Insurance enters into forward contracts and cross currency swaps derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and cross currency swaps will be operated continually and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

China Life Insurance's maturity structure of derivative financial liabilities is as follows:

	December 31, 2021				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 587,924	\$ 231,997	\$ 161,097	\$ -	\$ 981,018

	December 31, 2020				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,535,594	\$ 255,285	\$ 83,149	\$ 57,331	\$ 7,931,359

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

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

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, then comply with the requirements of the governing authorities, KGI Bank has developed “Market Risk Management Standard” based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables announced by the FSC, international standards, and CDFH’s market risk management policy framework.

The “Market Risk Policy” is applicable to “Trading Book” positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank’s book management approach to financial instrument handling.

Following the “Market Risk Policy”, the KGI Bank sets up the “Market Risk Management Procedure to Trading Activities” to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank’s market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank’s risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank’s market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and Risk Management Committee of parent company, CDFH. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank’s market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of traders’ position risk value, position sensitivity and profit and loss figure on the daily basis.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	\$ 60,783	\$ 141,061	\$ 13,163	\$ 48,287	\$ 195,476	\$ 9,098
Equity risk	9,335	19,006	-	3,844	20,852	-
Exchange rate risk	3,339	15,981	1,547	7,653	148,483	1,201

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) The effect of interest rate benchmark reform

KGI Bank is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

KGI Bank has established a LIBOR conversion task force, is responsible for promoting cross-departmental conversion work, drafting conversion plans and time schedule planning, conducting impact assessments. This task force also focuses on product conversion business strategy adjustments, customer communication, system, operating process changes, evaluation, risk models, financial reports and tax implications. This task force reports to the Risk Management Committee and the Board of Directors on the implementation situation quarterly, completes the identification of the information system and internal processes that affect the risk, and take inventory and analysis of the affected areas of risk. Before the cessation of LIBOR, the task force will be based on the regulations of the standard setter, market participants and the competent authority, and continue to adjust related systems, methods and procedures to meet the requirements of the new benchmark interest rate.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with KGI Bank’s counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by KGI Bank at December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

Non-derivative Financial Instrument	Financial Assets
USD LIBOR	\$ 58,336,386
Others LIBOR	<u>8,544,869</u>
	<u>\$ 66,881,255</u>
Derivative Financial Instrument	Nominal Principal
USD LIBOR	<u>\$ 207,794,656</u>

9) Concentration of currency risk information

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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,805,963	27.69	\$ 160,767,123
EUR	401,065	31.32	12,561,369
HKD	3,449,824	3.55	12,250,326
ZAR	4,765,944	1.73	8,264,148
CNY	1,367,024	4.35	5,941,498
JPY	12,931,061	0.24	3,109,920
AUD	59,310	20.09	1,191,530
GBP	26,705	37.30	996,107
SGD	19,146	20.46	391,732
Nonmonetary items			
CNY	946,428	4.35	4,113,459
<u>Financial liabilities</u>			
Monetary items			
USD	7,900,722	27.69	218,771,002
CNY	3,514,926	4.35	15,276,923
EUR	187,337	31.32	5,867,383
ZAR	2,009,704	1.73	3,484,827
HKD	427,923	3.55	1,519,555
JPY	6,093,136	0.24	1,465,399
AUD	69,078	20.09	1,387,769
GBP	5,805	37.30	216,523
SGD	7,475	20.46	152,937
NZD	6,565	18.89	124,010
CAD	4,815	21.63	104,140

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2020			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,790,521	28.51	\$ 222,092,171
EUR	738,730	35.05	25,892,503
HKD	3,969,555	3.68	14,596,055
ZAR	2,386,737	1.95	4,656,523
CNY	1,039,054	4.38	4,553,033
JPY	6,254,069	0.28	1,729,250
AUD	51,070	21.97	1,122,009
GBP	28,201	38.92	1,097,573
CAD	34,936	22.36	781,161
SGD	19,091	21.58	411,982
Nonmonetary items			
CNY	200,400	4.38	878,133
<u>Financial liabilities</u>			
Monetary items			
USD	9,118,815	28.51	259,959,188
CNY	3,416,084	4.38	14,968,940
EUR	385,929	35.05	13,526,828
ZAR	2,562,025	1.95	4,998,510
AUD	81,382	21.97	1,787,954
JPY	6,181,514	0.28	1,709,189
HKD	106,490	3.68	391,563
GBP	7,510	38.92	292,284
NZD	7,416	20.59	152,697

10) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (New Taiwan dollars)

December 31, 2021

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 334,956,321	\$ 25,772,086	\$ 23,998,631	\$ 77,356,276	\$ 462,083,314
Interest rate-sensitive liabilities	140,198,658	175,192,615	32,966,476	28,357,014	376,714,763
Interest rate sensitivity gap	194,757,663	(149,420,529)	(8,967,845)	48,999,262	85,368,551
Net worth					63,135,372
Ratio of interest rate-sensitive assets to liabilities (%)					122.66
Ratio of interest rate-sensitive gap to net worth (%)					135.22

December 31, 2020

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 351,840,836	\$ 24,252,454	\$ 28,426,140	\$ 65,501,953	\$ 470,021,383
Interest rate-sensitive liabilities	184,972,101	154,028,900	39,498,742	23,284,816	401,784,559
Interest rate sensitivity gap	166,868,735	(129,776,446)	(11,072,602)	42,217,137	68,236,824
Net worth					62,681,761
Ratio of interest rate-sensitive assets to liabilities (%)					116.98
Ratio of interest rate-sensitive gap to net worth (%)					108.86

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (U.S. dollars)

December 31, 2021

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,173,149	\$ 138,542	\$ 124,488	\$ 2,061,427	\$ 5,497,606
Interest rate-sensitive liabilities	6,519,030	502,696	151,910	374,487	7,548,123
Interest rate sensitivity gap	(3,345,881)	(364,154)	(27,422)	1,686,940	(2,050,517)
Net worth					106,260
Ratio of interest rate-sensitive assets to liabilities (%)					72.83
Ratio of interest rate-sensitive gap to net worth (%)					(1,929.72)

December 31, 2020

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,239,720	\$ 125,719	\$ 86,956	\$ 2,138,805	\$ 5,591,200
Interest rate-sensitive liabilities	5,803,909	496,648	167,853	389,205	6,857,615
Interest rate sensitivity gap	(2,564,189)	(370,929)	(80,897)	1,749,600	(1,266,415)
Net worth					150,985
Ratio of interest rate-sensitive assets to liabilities (%)					81.53
Ratio of interest rate-sensitive gap to net worth (%)					(838.77)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities and subsidiaries also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

- a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.
- b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%), which could divided into two types by distribution of financial instrument:
 - i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).
 - ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).
- c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).
- d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	December 31, 2021	December 31, 2020
Interest rate risk	\$ 468	\$ 8,513
Equity securities risk		
Equity delta	7,657,464	7,087,900
Debt delta	2,382,439	1,800,339
Exchange rate risk	5,842,599	4,463,211
Commodity risk	(31,232)	60,720

2) Value at risk

Value at risk ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct backtesting daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Year Ended December 31, 2021			December 31, 2021
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 189,416	\$ 97,233	\$ 330,487	\$ 256,563
Interest rate	213,372	123,636	429,061	213,393
Exchange rate	60,233	24,218	116,124	66,394
Commodity	37,741	1,723	139,868	6,431

	For the Year Ended December 31, 2020			December 31, 2020
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 184,619	\$ 63,194	\$ 454,331	\$ 151,569
Interest rate	154,151	82,202	223,599	182,052
Exchange rate	29,364	16,470	47,454	28,944
Commodity	16,173	564	144,496	18,933

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help KGI Securities' board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) The effect of interest rate benchmark reform

KGI Securities and subsidiaries assessed that when the interest rate index does not exist, updating the effective interest rate to reflect the change in the alternative index interest rate. The interest rate change does not have a significant impact on KGI Securities and subsidiaries. KGI Securities and subsidiaries will continue to evaluate the effect and development of interest rate benchmark reform.

The following table contains details of all of the financial instruments held by KGI Securities and subsidiaries at December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount	
	Financial Assets	Financial Liabilities
Non-derivative financial instrument		
USD LIBOR	\$ 451,090	\$ 526,110
CNY HIBOR	-	1,243,042
Others LIBOR	140,235	992,738
Derivative financial instrument		
USD LIBOR	97,199	922,947
SGD SOR	723	3,909
CNY HIBOR	<u>312</u>	<u>1,366</u>
	<u>\$ 689,559</u>	<u>\$ 3,690,112</u>
	Nominal Principal	
	Financial Assets	Financial Liabilities
Derivative instrument		
USD LIBOR	\$ 13,166,595	\$ 21,667,095
SGD SOR	1,169,133	1,025,555
CNY HIBOR	<u>355,155</u>	<u>355,155</u>
	<u>\$ 14,690,883</u>	<u>\$ 23,047,805</u>

5) Foreign currency exchange rate of financial assets and liabilities information

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,971,630	27.69	\$ 82,280,789
EUR	501,987	31.32	15,722,244
HKD	146,831	3.55	521,310
JPY	1,072,467	0.24	257,928
CNY	51,371	4.35	223,271
AUD	6,583	20.08	132,203
Nonmonetary items			
USD	1,855,880	27.69	51,387,965
CNY	737,953	4.35	3,207,366
Investments accounted for using the equity method			
USD	92,750	27.69	2,568,241
<u>Financial liabilities</u>			
Monetary items			
USD	5,381,676	27.69	149,014,953
EUR	501,264	31.32	15,699,574
HKD	80,840	3.55	286,976
JPY	903,000	0.24	217,171
CNY	26,665	4.35	115,893
AUD	5,150	20.08	103,417
Nonmonetary items			
USD	520,770	27.69	14,420,119

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,088,229	28.50	\$ 88,025,500
EUR	637,881	35.05	22,357,681
CNY	392,281	4.38	1,718,934
JPY	1,724,707	0.28	476,661
HKD	112,418	3.68	413,144
Nonmonetary items			
USD	2,230,286	28.51	63,580,981
CNY	910,648	4.38	3,990,370
Investments accounted for using the equity method			
USD	84,975	28.51	2,422,459
<u>Financial liabilities</u>			
Monetary items			
USD	5,614,807	28.51	160,053,538
EUR	636,629	35.05	22,313,802
CNY	390,736	4.38	1,712,162
JPY	1,577,505	0.28	435,959
HKD	67,455	3.67	247,883
Nonmonetary items			
USD	409,738	28.51	11,680,810

CDIB Capital Group and subsidiaries

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

1) Exchange rate risk

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2021			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 242,417	27.690	\$ 6,712,539
CNY	273,438	4.346	1,188,445
KRW	22,125,934	0.023	515,291
Nonmonetary items			
USD	315,588	27.690	8,738,623
CNY	129,189	4.346	561,495
KRW	5,756,891	0.023	134,072
Investment accounted for using the equity method			
USD	76,871	27.690	2,128,572
CNY	438,997	4.346	1,907,879
<u>Financial liabilities</u>			
Monetary items			
CNY	317,003	4.346	1,377,790
USD	34,300	27.690	949,764

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2020			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 153,631	28.508	\$ 4,465,227
CNY	527,880	4.382	2,313,117
KRW	23,418,623	0.026	614,645
HKD	44,698	3.677	164,354
JPY	424,929	0.277	117,493
(Continued)			

December 31, 2020			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Nonmonetary items			
USD	\$ 331,105	28.508	\$ 9,439,148
CNY	84,335	4.382	369,546
THB	132,171	0.952	125,827
KRW	4,566,850	0.026	119,862
Investment accounted for using the equity method			
USD	83,239	28.508	2,372,982
CNY	466,365	4.382	2,043,611
<u>Financial liabilities</u>			
Monetary items			
CNY	269,663	4.382	1,181,638
USD	16,470	28.508	469,529
			(Concluded)

Sensitivity analysis

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

	Impact on Profit or Loss	
	For the Years Ended	
	December 31	
	2021	2020
Monetary items		
USD	\$ 57,628	\$ 39,957
KRW	5,153	6,090
CNY	(1,893)	11,315
HKD	20	833
JPY	-	1,175

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of December 31, 2021 and 2020 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

3) Other price risk

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

If equity prices had been 1% higher/lower, the post-tax income for the years ended December 31, 2021 and 2020 would increase/decrease by \$162,443 thousand and \$152,487 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

4) The effect of interest rate benchmark reform

Changes in interest rate indicators mainly expose CDIB Capital Group and subsidiaries to basic interest rate risks. CDIB Capital Group and subsidiaries will complete the contract modification negotiation with the counterparty of the financial instrument before LIBOR exits, so as to reduce the significant uncertainty of the interest rate base applicable to the financial instrument in the future, and trigger the unexpected interest rate risk insurance of CDIB Capital Group and subsidiaries.

The following table contains details of all the financial instruments held by CDIB Group and subsidiaries at December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Financial Liabilities
Non-derivative financial instrument	
USD Libor	<u>\$ 5,700</u>

China Life Insurance

1) Market risk analysis

Market risk refers to financial assets and liabilities due to market risk factors volatility, making the change of the value to cause the risk of loss.

China Life Insurance has built value at risk (VaR) model. All financial assets involve market risks regularly monitor by risk management system and calculate the VaR. Risk control indices are notional amount and VaR. It will issue risk management reports and execute routine control and process when over limit. We also report VaR, the use of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

2) Exchange rate risk

China Life Insurance's exchange rate risk is primarily related to foreign currency assets and foreign currency liabilities in its accounts. If the foreign currency assets and foreign currency liabilities are part of the same currency, it will have a natural hedging effect, and the remaining parts may have the risk of value changes due to the exchange rate changes. China Life primarily uses foreign exchange and foreign exchange derivatives to avoid exchange rate risks, and controls it in accordance with relevant laws and requirements for internal control.

3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the fair value of financial instruments. China Life Insurance manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

4) Equity price risk

China Life Insurance holds equity securities of listed and unlisted companies, and OTC-traded and non-OTC traded companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. China Life Insurance diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of China Life Insurance. The Board of Directors should authorize the senior executives to review and approve the equity securities of all investment decisions.

5) Value at risk

Value-at-risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. China Life Insurance uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model used to manage risk must perform model validation and backtesting to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

6) Stress testing

China Life Insurance measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to Value at Risk models. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

China Life Insurance performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple sensitivity

Simple Sensitivity measures the dollar amount change for the portfolio value from the movement of specific risk factors.

b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenarios occur. The types of scenario include:

i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, China Life Insurance simulates what the dollar amount of losses for the current investment portfolio would be in the same period of time.

ii. Hypothetical scenario:

China Life Insurance makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses for the investment position by taking into consideration the movement of relevant risk factors.

Risk management department performs the stress testing with historical and hypothetical scenarios regularly. China Life Insurance's risk analysis, early warning, and business management are in accordance with the stress testing report.

**Summary of Factor Sensitivity Analysis
December 31, 2021**

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 3,109,639
Interest rate risk (yield curve)	+1BP	-	(407,349)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,458,398)	(1,060,788)

**Summary of Factor Sensitivity Analysis
December 31, 2020**

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 2,757,465
Interest rate risk (yield curve)	+1BP	-	(735,342)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,613,715)	(930,369)

- 7) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of December 31, 2021 and 2020 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,195,379	27.6900	\$ 1,196,080,037
AUD	5,204,421	20.0891	104,552,135
Non-monetary items			
USD	3,237,451	27.6900	89,645,006
<u>Financial liabilities</u>			
Monetary items			
USD	66,234	27.6900	1,834,010

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,864,113	28.5080	\$ 1,193,462,138
AUD	4,515,182	21.9711	99,203,515
Non-monetary items			
USD	2,401,796	28.5080	68,470,412
<u>Financial liabilities</u>			
Monetary items			
USD	233,970	28.5080	6,670,007

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

8) The effect of interest rate benchmark reform

China Life evaluated the impact on the Corporation's exposure positions based on the content of changes in international interest rate indicators. As of the end of December 2021, the book value of China Life's affected bonds was \$32,254,994 thousand, and there are backups in the prospectus of these bonds. Terms, so when the interest rate indicator does not exist, there are still alternative ways to continue to accrue interest. The interest rate changes have not had a significant impact on China Life. China Life will continue to pay attention to the changes and development of international interest rate indicators.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2021					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 276,830	\$ 263,055	\$ 276,900	\$ 263,055	\$ 13,845
Financial assets at FVTOCI	44,159,962	42,518,114	44,159,962	42,518,114	1,641,848

December 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 285,008	\$ 270,826	\$ 285,080	\$ 270,826	\$ 14,254
Financial assets at FVTPL	797,110	767,528	797,110	767,528	29,582
Financial assets at FVTOCI	62,050,850	58,248,403	62,050,850	58,248,403	3,802,447

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities and subsidiaries' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities and subsidiaries only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities and subsidiaries do not derecognize it entirely because KGI Securities and subsidiaries remain exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2021					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 46,937,233	\$ 44,436,480	\$ 46,937,233	\$ 44,436,480	\$ 2,500,753

December 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 57,660,617	\$ 54,435,527	\$ 57,660,617	\$ 54,435,527	\$ 3,225,090
Transaction - borrowed securities	244,854	342,796	244,854	342,796	(97,942)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Financial Assets at FVTPL	Assets	Liabilities	
December 31, 2021	Call option	\$ 9,888,800	\$ 2,500,689	\$ 2,500,689	\$ -	\$ 2,500,689
December 31, 2020	Call option	10,332,500	1,522,083	1,522,083	-	1,522,083

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
December 31, 2021	Call option	\$ -	\$ 443,200	\$ 1,912,400	\$ 7,533,200	\$ -	\$ 9,888,800
December 31, 2020	Call option	-	850,900	2,064,900	7,416,700	-	10,332,500

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

Period	Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
December 31, 2021	Call option	\$ (83,086)	\$ 825,680	\$ 742,594
December 31, 2020	Call option	19,004	393,637	412,641

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 3,609,158	\$ -	\$ 3,609,158	\$ 3,562,085	\$ 47,073	\$ -
Derivative instruments (Note 2)	10,239,891	-	10,239,891	2,900,954	2,831,422	4,507,515
Total	\$ 13,849,049	\$ -	\$ 13,849,049	\$ 6,463,039	\$ 2,878,495	\$ 4,507,515

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 42,781,169	\$ -	\$ 42,781,169	\$ 42,719,476	\$ 61,693	\$ -
Derivative instruments (Note 2)	10,026,329	-	10,026,329	2,900,954	2,157,605	4,967,770
Total	\$ 52,807,498	\$ -	\$ 52,807,498	\$ 45,620,430	\$ 2,219,298	\$ 4,967,770

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 30,168,313	\$ -	\$ 30,168,313	\$ 29,606,736	\$ 561,577	\$ -
Derivative instruments (Note 2)	55,608,363	-	55,608,363	15,138,811	2,986,498	37,483,054
Total	\$ 85,776,676	\$ -	\$ 85,776,676	\$ 44,745,547	\$ 3,548,075	\$ 37,483,054

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 59,286,757	\$ -	\$ 59,286,757	\$ 59,286,757	\$ -	\$ -
Derivative instruments (Note 2)	60,597,555	-	60,597,555	15,138,811	6,928,963	38,529,781
Total	\$ 119,884,312	\$ -	\$ 119,884,312	\$ 74,425,568	\$ 6,928,963	\$ 38,529,781

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities and subsidiaries have signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities and subsidiaries to provide securities as collateral, meanwhile KGI Securities and subsidiaries signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 5,057,852	\$ -	\$ 5,057,852	\$ -	\$ 858,594	\$ 4,199,258
Securities purchased under resell agreements	13,702,744	-	13,702,744	13,702,744	-	-
Total	\$ 18,760,596	\$ -	\$ 18,760,596	\$ 13,702,744	\$ 858,594	\$ 4,199,258

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments	\$ 10,369,683	\$ -	\$ 10,369,683	\$ -	\$ 1,328,289	\$ 9,041,394
Notes and bonds issued under repurchase agreements	59,103,641	-	59,103,641	59,103,641	-	-
Total	\$ 69,473,324	\$ -	\$ 69,473,324	\$ 59,103,641	\$ 1,328,289	\$ 9,041,394

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments	\$ 3,571,037	\$ -	\$ 3,571,037	\$ -	\$ 851,194	\$ 2,719,843
Securities purchased under resell agreements	13,610,026	-	13,610,026	13,610,026	-	-
Total	\$ 17,181,063	\$ -	\$ 17,181,063	\$ 13,610,026	\$ 851,194	\$ 2,719,843

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments	\$ 9,234,243	\$ -	\$ 9,234,243	\$ -	\$ 3,740,088	\$ 5,494,155
Notes and bonds issued under repurchase agreements	75,577,488	-	75,577,488	75,577,488	-	-
Total	\$ 84,811,731	\$ -	\$ 84,811,731	\$ 75,577,488	\$ 3,740,088	\$ 5,494,155

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

China Life Insurance

China Life Insurance holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

China Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 4,275,043	\$ -	\$ 4,275,043	\$ 912,518	\$ 1,568,639	\$ 1,793,886

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 981,018	\$ -	\$ 981,018	\$ 912,518	\$ 36,828	\$ 31,672

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 12,108,158	\$ -	\$ 12,108,158	\$ 6,447,658	\$ 6,590,479	\$ -

Note: The reported net financial assets are negative after offsetting the cash collateral received, which are expressed in \$-.

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 7,931,359	\$ -	\$ 7,931,359	\$ 6,447,658	\$ -	\$ 1,483,701

55. CAPITAL MANAGEMENT

a. Capital management objective

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

c. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2021		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 308,152,175	\$ 360,139,043
KGI Bank	100.00	73,788,281	51,784,933
KGI	100.00	34,523,682	13,931,846
CDIB Capital Group	100.00	35,184,954	18,803,631
China Development Asset Management Corp.	100.00	1,428,078	910,094
China Life Insurance	100.00	169,346,424	104,176,048
Deduct items		383,557,976	358,433,669
Subtotal		238,865,618 (A)	191,311,926 (B)
Group's CAR (C)=(A)÷(B)			124.86 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2020		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 218,307,368	\$ 225,588,760
KGI Bank	100.00	77,141,605	54,698,422
KGI	100.00	25,496,473	13,542,980
CDIB Capital Group	100.00	34,769,285	18,892,734
China Development Asset Management Corp.	100.00	1,457,440	842,791
China Life Insurance	34.82	45,359,178	31,525,054
Deduct items		245,355,879	223,898,679
Subtotal		157,175,470 (A)	121,192,062 (B)
Group's CAR (C)=(A)÷(B)			129.69 (C)

Note: Group's capital adequacy ratio = Group's eligible capital, net/Group's legal capital demand.

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Common stock	\$ 171,896,598	\$ 149,729,414
Capital instruments of comply with Tier 1 capital requirement	18,930,436	-
Other preferred stock and subordinated bonds	15,400,000	15,600,000
Reserve for raising capital	31,175	3,298
Capital surplus	36,147,480	1,627,728
Legal reserve	10,035,815	8,816,167
Special reserve	298,120	565,041
Retained earnings	52,021,923	24,809,292
Equity adjustment	12,490,292	18,363,815
Deduction: Capital items	<u>(9,099,664)</u>	<u>(1,207,387)</u>
	<u>\$ 308,152,175</u>	<u>\$ 218,307,368</u>

The Group's CARs were 124.86% and 129.69% as of December 31, 2021 and 2020, respectively. Since the Financial Holding Company Act and related regulations require, the Group's CAR should be at least 100%, the Group's CARs met its requirement.

56. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

- a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2021	2020		2021	2020
Bank deposits	\$ 2,559,061	\$ 2,447,500	Payables	\$ 86,492	\$ 147,211
Short-term investments			Payables on securities under custody	5,468,229	4,447,636
Funds	28,331,461	26,344,609	Other liabilities	87,671	47,887
Bonds	3,653,614	2,737,180	Trust capital	40,635,374	49,512,740
Common shares	118,950	77,985	Accumulated earnings	<u>(16,078)</u>	<u>(275,293)</u>
Receivables	38,813	277			
Securities under custody	5,468,229	4,447,636			
Real estate					
Lands	5,067,819	15,144,104			
Buildings and facilities	-	1,656,251			
Intangible assets - surface right	984,534	984,534			
Other assets	<u>39,207</u>	<u>40,105</u>			
Total	<u>\$ 46,261,688</u>	<u>\$ 53,880,181</u>	Total	<u>\$ 46,261,688</u>	<u>\$ 53,880,181</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020
Trust income and gains		
Dividend income	\$ 12,656	\$ 13,518
Interest income	1,372,409	1,293,553
Rental income	26,814	27,181
Other income	5,584	8,295
Total trust income and gains	<u>1,417,463</u>	<u>1,342,547</u>
Trust expenses		
Properties transaction losses	(633,615)	(1,392,095)
Administrative expenses	(658)	(40,735)
Other expenses	(1,802,448)	(325,602)
Total trust expenses	<u>(2,436,721)</u>	<u>(1,758,432)</u>
Net income	<u>\$ (1,019,258)</u>	<u>\$ (415,885)</u>

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

	December 31	
Investment Portfolio	2021	2020
Bank deposits	\$ 2,559,061	\$ 2,447,500
Short-term investments		
Funds	28,331,461	26,344,609
Bonds	3,653,614	2,737,180
Common shares	118,950	77,985
Securities under custody	5,468,229	4,447,636
Real estate		
Lands	5,067,819	15,144,104
Buildings and facilities	-	1,656,251
Intangible assets - surface right	984,534	984,534
Other assets	<u>78,020</u>	<u>40,382</u>
Total	<u>\$ 46,261,688</u>	<u>\$ 53,880,181</u>

- b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2021	2020		2021	2020
Bank deposits	\$ 2,361,939	\$ 1,798,748	Payables	\$ 79,383	\$ 40,006
Financial assets			Taxes payable	296	197
Bonds	862,599	759,223	Trust capital	34,800,009	33,374,578
Common shares	15,541,912	16,652,820	Current profit and loss	4,853,246	2,697,043
Funds	17,795,176	15,253,348	Accumulated earnings	2,339,563	2,603,988
Structured notes	4,437,040	3,178,855	Deferred carry forward	14	445
Receivables	<u>316,523</u>	<u>295,830</u>	Other	<u>(757,322)</u>	<u>(777,433)</u>
Total	\$ <u>41,315,189</u>	\$ <u>37,938,824</u>	Total	\$ <u>41,315,189</u>	\$ <u>37,938,824</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020
Trust income		
Interest income	\$ 36,190	\$ 33,134
Rent income	25,940	16,495
Dividend income	543,610	617,469
Realized gain profit from investment	1,543,403	683,696
Unrealized gain profit from investment	6,064,580	4,052,229
Other income	<u>305,517</u>	<u>334,691</u>
	<u>8,519,240</u>	<u>5,737,714</u>
Trust expenses		
Administrative expenses	4,922	3,033
Taxes	8,506	2,783
Service fee	96,723	73,471
Realized loss form investment	468,738	691,678
Unrealized loss from investment	1,869,381	1,284,083
Other expenses	<u>1,217,724</u>	<u>985,623</u>
	<u>3,665,994</u>	<u>3,040,671</u>
Income (loss)	4,853,246	2,697,043
Tax expense	<u>-</u>	<u>-</u>
Profit (loss)	\$ <u>4,853,246</u>	\$ <u>2,697,043</u>

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	December 31	
	2021	2020
Bank deposits	\$ 2,361,939	\$ 1,798,748
Financial assets		
Bonds	862,599	759,223
Stocks	15,541,912	16,652,820
Funds	17,795,176	15,253,348
Structured notes	<u>4,437,040</u>	<u>3,178,855</u>
	<u>\$ 40,998,666</u>	<u>\$ 37,642,994</u>

57. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 11 (attached).

58. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 12 (attached).

59. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

Please refer to Note 48 for related-party transactions.

b. Integrate business activities

The Corporation has become a full-functioning financial platform for its customers by improving the overall business performance of the Corporation through integrating the insurance, investment, trust custody and channel of banking, securities and life insurance.

c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from FSC, the Corporation has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Corporation and its subsidiaries, which joined the cross selling business disclosure protection measures of customer information on official website (<http://www.cdibh.com/chhtml/content/1513>) to limit the use of the data, secure the customer information and related rights when handling cross-selling activities.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

60. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 50 to the consolidated financial statements. Information on disaster damages: None.

61. SUBSIDIARIES' ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 51 and 54 to the consolidated financial statements.

62. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

63. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARIES

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. are in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	December 31				Standard	Meet Standard
		2021		2020			
		Formula	%	Formula	%		
17	Equities	\$2,096,345	=2.65	\$1,978,857	=3.56	≥ 1	Yes
	Total liabilities minus customers' equity accounts	\$789,886		\$555,428			
17	Current assets	\$3,613,693	=4.57	\$3,265,839	=5.88	≥ 1	Yes
	Current liabilities	\$789,886		\$555,112			
22	Equities	\$2,096,345	=524.09%	\$1,978,857	=494.71%	$\geq 60\%$	Yes
	Capital stock	\$400,000		\$400,000		$\geq 40\%$	
22	Adjusted net capital	\$635,052	=140.80%	\$974,269	=161.41%	$\geq 20\%$	Yes
	Client and proprietary account	\$451,029		\$603,590		$\geq 15\%$	

b. KGI Futures Corp.

Rule No.	Formula	December 31				Standard	Meet Standard
		2021		2020			
		Formula	%	Formula	%		
17	Equities	\$3,909,940	=5.44	\$4,045,179	=7.51	≥ 1	Yes
	Total liabilities minus customers' equity accounts	\$718,970		538,351			
17	Current assets	\$36,388,774	=1.07	\$37,397,552	=1.08	≥ 1	Yes
	Current liabilities	\$33,908,451		\$34,726,811			
22	Equities	\$3,909,940	=514.47%	\$4,045,179	=532.26%	≥ 60%	Yes
	Capital stock	\$760,000		760,000		≥ 40%	
22	Adjusted net capital	\$3,376,503	=54.03%	\$3,609,974	=42.66%	≥ 20%	Yes
	Client and proprietary account	\$6,248,803		8,461,679		≥ 15%	

64. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Securities held:

KGI International Holdings Limited

(In U.S. Dollars)

	Number of Shares	Carrying Amount
Financial assets at FVTOCI - non-current Sogo Financial Group Inc.	62,611.55	<u>\$ 1,393,000</u>

b. Derivative financial products and sources of funds: None.

b. Asset management revenues, service and litigation matters: Note 50(c).

c. Balance sheet: Tables 15-1 to 15-4 (attached).

d. Income statement: Tables 16-1 to 16-4 (attached).

65. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).

- 3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and China Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).
 - 4) Marketable securities were acquired and disposed of, at cost or prices of at least NT\$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT\$300 million or 10% of the issued capital): For CDIB Capital Group subsidiaries' and KGI Bank subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries. The Corporation, KGI Bank, China Life Insurance and CDIB Capital Group's information please refer to Table 4 (attached).
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: For the Group's information: Please refer to Table 5 (attached).
 - 6) Disposal of individual real estate at price of at least NT\$300 million or 10% of the issued capital: For the Group's information: Please refer to Table 6 (attached).
 - 7) Discount on service fees received from related parties amounting to NT\$5 million: For the Group's information: None.
 - 8) Receivables from related parties amounting to NT\$300 million or 10% of the issued capital: Please refer to Note 48 and Table 7 (attached).
 - 9) Sale of nonperforming loans: Please refer to Table 8 (attached).
 - 10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.
 - 11) Other significant transactions which may affect the decisions of financial statement users: None.
 - 12) The information of investees: Please refer to Table 9 (attached).
 - 13) Derivative transactions of the Group: Please refer to Notes 8, 52 and 54 of the consolidated financial statements.
- c. Investments in mainland China: Please refer to Table 13 (attached).
 - d. Business relationships and significant transactions among the Group: Please refer to Table 14 (attached).
 - e. Information of major shareholders: None.

66. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

a. Segment revenues and results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the year ended December 31, 2021						
Interest profit (loss), net	\$ 8,979,861	\$ 2,941,966	\$ 198,321	\$ 54,003,778	\$ (471,663)	\$ 65,652,263
Noninterest profits (loss) and gains, net	<u>2,280,961</u>	<u>23,931,620</u>	<u>13,826,197</u>	<u>89,334,485</u>	<u>(2,747,356)</u>	<u>126,625,907</u>
Net revenue (loss)	11,260,822	26,873,586	14,024,518	143,338,263	(3,219,019)	192,278,170
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	144,806	(32,426)	(304,101)	5,323	-	(186,398)
Net change in reserve for insurance liabilities	-	-	-	(104,875,754)	-	(104,875,754)
Operating expenses	<u>(6,262,828)</u>	<u>(14,714,185)</u>	<u>(3,513,653)</u>	<u>(6,849,178)</u>	<u>(3,676,475)</u>	<u>(35,016,319)</u>
Net profit (loss) before income tax	5,142,800	12,126,975	10,206,764	31,618,654	(6,895,494)	52,199,699
Income tax benefit (expense)	<u>(794,274)</u>	<u>(1,617,131)</u>	<u>(600,796)</u>	<u>(2,806,434)</u>	<u>718,411</u>	<u>(5,100,224)</u>
Net profit (loss) for the year	<u>\$ 4,348,526</u>	<u>\$ 10,509,844</u>	<u>\$ 9,605,968</u>	<u>\$ 28,812,220</u>	<u>\$ (6,177,083)</u>	<u>\$ 47,099,475</u>
For the year ended December 31, 2020						
Interest profit (loss), net	\$ 7,801,712	\$ 2,434,893	\$ 570,269	\$ 56,296,618	\$ (399,539)	\$ 66,703,953
Noninterest profits (loss) and gains, net	<u>3,534,800</u>	<u>18,105,217</u>	<u>105,519</u>	<u>139,020,180</u>	<u>(2,645,242)</u>	<u>158,120,474</u>
Net revenue (loss)	11,336,512	20,540,110	675,788	195,316,798	(3,044,781)	224,824,427
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(359,924)	(9,622)	(33,974)	4,883	-	(398,637)
Net change in reserve for insurance liabilities	-	-	-	(174,464,035)	-	(174,464,035)
Operating expenses	<u>(6,130,571)</u>	<u>(12,455,652)</u>	<u>(1,837,948)</u>	<u>(5,255,534)</u>	<u>(2,333,657)</u>	<u>(28,013,362)</u>
Net profit (loss) before income tax	4,846,017	8,074,836	(1,196,134)	15,602,112	(5,378,438)	21,948,393
Income tax benefit (expense)	<u>(501,630)</u>	<u>(752,141)</u>	<u>(3,344)</u>	<u>(89,027)</u>	<u>74,035</u>	<u>(1,272,107)</u>
Net profit (loss) for the year	<u>\$ 4,344,387</u>	<u>\$ 7,322,695</u>	<u>\$ (1,199,478)</u>	<u>\$ 15,513,085</u>	<u>\$ (5,304,403)</u>	<u>\$ 20,676,286</u>

b. Geographical information

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

	Revenue from External Customers	
	For the Years Ended December 31	
	2021	2020
Taiwan	\$ 185,303,203	\$ 219,421,795
Others	<u>6,974,967</u>	<u>5,368,658</u>
	<u>\$ 192,278,170</u>	<u>\$ 224,824,427</u>

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue in 2021 and 2020.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited KGI International (Hong Kong) Limited	Receivables, net Receivables, net	Yes Yes	\$ 3,599,700 3,322,800	\$ - -	\$ - -	Floating Floating	Short-term financing Short-term financing	\$ - -	Working capital Working capital	\$ - -	- -	\$ - -	\$ 14,167,686 (Note 1) 14,167,686 (Note 1)	\$ 14,167,686 (Note 1) 14,167,686 (Note 1)
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,384,500	-	-	Floating	Short-term financing	-	Working capital	-	-	-	15,761,610 (Note 2)	15,761,610 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	443,040	-	-	Floating	Short-term financing	-	Working capital	-	-	-	6,220,302 (Note 3)	6,220,302 (Note 3)
4	KGI Asia Limited	KGI Limited KGI Finance Limited KGI Hong Kong Limited PT KGI Sekuritas Indonesia	Receivables, net Receivables, net Receivables, net Receivables, net	Yes Yes Yes Yes	2,492,100 415,350 415,350 581,490	- - - 581,490	- - - 581,490	Floating Floating Floating 2.27%	Short-term financing Short-term financing Short-term financing Short-term financing	- - - -	Working capital Working capital Working capital Working capital	- - - -	- - - -	- - - -	9,020,488 (Note 4) 9,020,488 (Note 4) 9,020,488 (Note 4) 9,020,488 (Note 4)	9,020,488 (Note 4) 9,020,488 (Note 4) 9,020,488 (Note 4) 9,020,488 (Note 4)
5	CDC Finance & Leasing Corporation	BULL WILL CO., LTD. Build Joy Enterprise Co., Ltd. Lu Xin Co., Ltd. Bumsey International Development Co., Ltd. Fu-Tung Land Development Co., Ltd. Chi-Sun Heavy Crane Co., Ltd.	Receivables, net Receivables, net Receivables, net Receivables, net Receivables, net Receivables, net	No No No No No No	30,000 50,000 50,000 55,000 65,000 23,000	30,000 37,500 - - 65,000 23,000	- 37,500 - - - -	3.5%-18% 3.5%-18% 3.5%-18% 3.5%-18% 3.5%-18% 3.5%-18%	Short-term financing Short-term financing Short-term financing Short-term financing Short-term financing Short-term financing	- - - - - -	Working capital Working capital Working capital Working capital Working capital Working capital	- 375 - - - -	- Real estate Real estate - - Real estate Real estate	29,700 60,258 - - 54,886 40,000	85,658 (Note 5) 85,658 (Note 5) 85,658 (Note 5) 85,658 (Note 5) 85,658 (Note 5)	342,631 (Note 5) 342,631 (Note 5) 342,631 (Note 5) 342,631 (Note 5) 342,631 (Note 5)

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International (Hong Kong) Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: KGI Asia Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 5: Financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, (1) there are business transactions: The total amount should not exceed the amount of business transactions between the two parties, and should not exceed 20% of the company's net worth value. The cumulative total balance should not exceed twice the company's net worth; (2) there is short-term financing: The total amount should not exceed 10% of the company's net worth, and the cumulative total balance should not exceed 40% of the net worth value.

Note 6: Those that have been included in the consolidated financial statement have been completely written off.

TABLE 2

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities Co., Ltd	KGI Securities (Singapore) Pte. Ltd.	Note 1	\$ 7,132,286	\$ 743,692	\$ 736,560	\$ 736,560	\$ -	1.03%	\$ 28,529,144 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	15,761,610	1,412,190	1,412,190	549,306	-	8.96%	15,761,610 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	15,761,610	3,433,560	2,602,860	-	-	16.51%	15,761,610 (Note 3)	No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	15,761,610	179,985	179,985	-	-	1.14%	15,761,610 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	15,761,610	119,067	119,067	-	-	0.76%	15,761,610 (Note 3)	No	No	No
		KGI International (Hong Kong) Limited	Note 1	15,761,610	2,627,405	2,625,680	375,998	-	16.66%	15,761,610 (Note 3)	No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	15,761,610	830,700	830,700	-	-	5.27%	15,761,610 (Note 3)	No	No	No
3	CDIB Capital Group	KGI Asia (Holdings) Pte. Ltd.	Note 1	15,761,610	3,728,369	3,665,048	2,627,010	-	23.25%	15,761,610 (Note 3)	No	No	No
		CDIB Capital Investment I Limited	Note 1	7,504,493	1,393,300	1,384,500	157,833	-	3.75%	14,758,276 (Note 4)	No	No	No
		CDIB Global Markets Limited	Note 1	4,766,441	1,393,300	1,384,500	-	-	3.75%	14,758,276 (Note 4)	No	No	No

Note 1: The Group has directly or indirectly over 50% voting right of the company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by CDIB Capital Group is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should limit on the amount of each counterparty's net investment in principle except the board of directors approve. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
CDIB Capital Group	Stocks	-	Financial assets at fair value through profit or loss	3,261,773	\$ 14,077	10.69	14,077
	Logitech Inc.	-	Financial assets at fair value through profit or loss	241,403	1,352	10.83	1,352
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	74,081	6.04	74,081
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	148,000	2,583	0.45	2,583
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	4,774,523	14,496	13.96	14,496
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	10,906,000	359,353	3.69	359,353
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,067,220	8,533	1.95	8,533
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	2,520,000	25,176	8.40	25,176
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	900,000	4,211	4.47	4,211
	Huai-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	6,000,000	395,940	9.54	395,940
	AMIA Co.	-	Financial assets at fair value through profit or loss	4,651,344	70,168	6.97	70,168
	Up Scientist Materials Corp.	-	Financial assets at fair value through profit or loss	7,567,424	71,852	5.64	71,852
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	31,845	6.47	31,845
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	2,598,639	23,640	1.88	23,640
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	4,746,720	125,788	5.32	125,788
	Jocho Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,845,330	4,288	1.38	4,288
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	2,743,026	58,289	4.31	58,289
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,534,481	27,400	4.77	27,400
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	1,633,241	172,764	2.85	172,764
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,150,536	18,057	10.43	18,057
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	32,326	7.71	32,326
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	70,026	4.81	70,026
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	8,382,844	97,830	3.55	97,830
	Eden Biotech, Inc.	-	Financial assets at fair value through profit or loss	3,201,019	40,562	12.00	40,562
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	8,382,844	123,565	3.55	123,565
	Chime Biologics Limited	-	Financial assets at fair value through profit or loss	86,503,067	95,092	8.04	95,092
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	2,079,360	34,832	0.13	34,832
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000,000	50,295	43.44	50,295
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	121,628	12.68	121,628
	Apexigen, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	30,000,000	362,264	35.71	362,264
	CDIB Capital Innovation Accelerator Ltd.	Associate	Investments accounted for using the equity method	313,200,000	5,176,961	28.71	5,176,961
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	42,680,000	315,238	38.80	315,238
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	40,775,000	518,939	33.29	518,939
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	4,431,405	23,545	20.00	23,545
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	23,093,889	483,662	100.00	483,662
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	476,213,353	5,522,694	100.00	5,522,694
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	925,000,000	3,229,713	100.00	3,229,713
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,566,095	100.00	1,566,095
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	339,392	4,766,441	100.00	4,766,441
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,495,896	100.00	7,495,896
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	4,700,000	169,880	100.00	169,880
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method				
	Government bonds	-	Financial assets at fair value through other comprehensive income	10,000,000	100,160	-	100,160
	A01105	-					

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Management Inc.	Stocks ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	\$ 7,435	0.58	\$ 7,435	
	EV A Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	2,499	1.44	2,499	
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	14,007	60.00	14,007	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	1,100,002	8,125	1.00	8,125	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,225,000	15,590	1.00	15,590	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	328,965	100.00	328,965	
CDIB Private Equity (China) Corporation Limited	Funds CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	50,692	-	50,692	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	15,787	-	15,787	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	4,135	-	4,135	
	Stocks CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	75,825	100.00	HK\$ 75,825	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 7,356	56.00	HK\$ 7,356	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 3,995	27.08	HK\$ 3,995	
CDIB Private Equity (China) Corporation	Stocks CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 15,585	70.00	CNY 15,585	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 13,035	65.00	CNY 13,035	
	CDIB Private Equity (Kunshan) Corporation	Subsidiary	Investments accounted for using the equity method	-	CNY 2,524	100.00	CNY 2,524	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 6,467	65.00	CNY 6,467	
	Stocks CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,146	20.00	CNY 2,146	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Stocks CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 7,029	58.34	CNY 7,029	
	Funds Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 4,257	-	CNY 4,257	
	Funds CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 10,448	-	CNY 10,448	
	Funds CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 4,923	-	CNY 4,923	
	Stocks Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	17,602	1.64	17,602	
CDIB Venture Capital Corporation	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	4,000,000	252,000	1.13	252,000	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	98,388	4.68	98,388	
	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,681,000	183,032	2.20	183,032	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	49,207	1.46	49,207	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	316,000	8,564	0.82	8,564	
	Happyfan7 Corp.	-	Financial assets at fair value through profit or loss	4,121,094	648,990	9.41	648,990	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	734,904	0.53	734,904	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	647,752	2,250	7.22	2,250	
	Taiwan Specialty Chemicals Corporation	-	Financial assets at fair value through profit or loss	177,786	1,617	0.13	1,617	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,823,603	174,216	7.63	174,216	
	Giant Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss	80,000	27,600	0.02	27,600	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	117,489	8.69	117,489	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,000,000	62,320	2.67	62,320	
	Poju International CO., Ltd.	-	Financial assets at fair value through profit or loss	2,666,000	50,708	5.68	50,708	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
CDIB Venture Capital Corporation	Stocks	-	Financial assets at fair value through profit or loss	33,000	\$ 70,026	4.81	\$ 70,026
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	195,317	5,408	2.68	5,408
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	22,594	0.93	22,594
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	2,232,219	44,059	4.17	44,059
	i-Serve	-	Financial assets at fair value through profit or loss	2,800,000	70,372	10.23	70,372
	Hartee Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	198,184	8,808	0.74	8,808
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	833,348	131,236	75.00	131,236
	Happyfan? Corp. - preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	81,421	46.15	81,421
	iCHEF Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	24,000	14,620	20.00	14,620
	4Gamers Entertainment Inc. - preferred stock	-	Financial assets at fair value through profit or loss	304,878	8,442	8.20	8,442
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	479,635	15,015	18.18	15,015
	Gitesocial Holding Cayman Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	666,666	4,153	20.00	4,153
	CCMODA Corp. - preferred stock	-	Financial assets at fair value through profit or loss	248,889	15,506	14.74	15,506
	Asia Patents Holdings Limited	-	Financial assets at fair value through profit or loss	219,664	9,000	9.00	219,664
	Kuaron Holding Corporation	-	Financial assets at fair value through profit or loss	1,391,752	94,253	26.09	94,253
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	29,324	7.26	29,324
	Cloud Mile Inc. - preferred stock	-	Financial assets at fair value through profit or loss	365,051	61,129	39.35	61,129
	Zentara Systems, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	39,874	20.00	39,874
	FUNP Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	400,000	12,184	6.67	12,184
	Achieve Made International Limited - preferred stock	-	Financial assets at fair value through profit or loss	168,138	166,122	1.47	166,122
	iChome Online Inc.	-	Financial assets at fair value through profit or loss	1,875,293	48,389	0.18	48,389
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	2,888,685	5,538	10.96	5,538
	Viscovery (Cayman) Holding Company Limited - preferred stock A	-	Financial assets at fair value through profit or loss	200,000	55,380	13.03	55,380
	Elixiron Immunotherapeutics (Cayman) Limited	-	Financial assets at fair value through profit or loss	2,679,133	55,380	20.00	55,380
	AmazingTalker	-	Financial assets at fair value through profit or loss	4,282,655	58,867	20.00	58,867
	FunNow Ltd. - preferred stock A	-	Financial assets at fair value through profit or loss	185,184	8,307	15.00	8,307
	Viscovery (Cayman) Holding Company Limited - Preferred stock AA	-	Financial assets at fair value through profit or loss	300,000	5,316	4.80	5,316
	4Gamers Entertainment Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	8,727	42,587	8.62	42,587
	Kkday.com International Company Limited - preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	13,062	3.06	13,062
	Cloud Mile Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	162,602	22,152	10.85	22,152
	Traveler Co., Ltd. - preferred stock B	-	Financial assets at fair value through profit or loss	32,077	13,851	3.36	13,851
	FunNow Ltd. - Preferred stock B	-	Financial assets at fair value through profit or loss	43,573	57,657	2.31	57,657
	Kkday.com International Company Limited - preferred stock C	-	Financial assets at fair value through profit or loss	7,655,502	303,104	10.17	303,104
	Fractyl Laboratories, Inc. - preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	24,367	10.00	24,367
	Achieve Made International Limited - preferred stock E	-	Financial assets at fair value through profit or loss	336,276	46,594	38.46	46,594
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000			
CDIB Venture Capital (Hong Kong) Corporation Limited	Convertible (exchange) corporate bond	-	Financial assets at fair value through profit or loss	200,000	1,661	-	1,661
	CCMODA Corp.	-	Financial assets at fair value through profit or loss				
	Funds	-	Financial assets at fair value through profit or loss				
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	1,245,968	-	1,245,968
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	358,102	-	358,102
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	116,701	-	116,701
	Fund	-	Investments accounted for using the equity method				
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 206,716	-	HK\$ 206,716
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 313,718	-	HK\$ 313,718
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK\$ 152,929	-	HK\$ 152,929

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
CDIB Capital Investment I Limited	Stocks	-	Financial assets at fair value through profit or loss				
	Best Inc.	-	Financial assets at fair value through profit or loss	US\$ 1,500,000	US\$ 1,278	0.38	US\$ 1,278
	Casper Sleep, Inc.	-	Financial assets at fair value through profit or loss	266,690	US\$ 1,781	2.63	US\$ 1,781
	K Health, Inc.	-	Financial assets at fair value through profit or loss	4,834	US\$ 141	0.03	US\$ 141
	Boxed, Inc.	-	Financial assets at fair value through profit or loss	656,724	US\$ 8,547	0.96	US\$ 8,547
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US\$ 474	12.50	US\$ 474
	Mestay Cayman Islands Limited - preferred stock	-	Financial assets at fair value through profit or loss	13,722,047	US\$ 1,137	3.40	US\$ 1,137
	Viking 3 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US\$ 10,701	100.00	US\$ 10,701
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets at fair value through profit or loss	664,687	US\$ 324	1.95	US\$ 324
	Rokid Corporation Ltd - preferred stock	-	Financial assets at fair value through profit or loss	615,642	US\$ 5,000	1.51	US\$ 5,000
	K Health, Inc. - preferred stock C	-	Financial assets at fair value through profit or loss	496,376	US\$ 14,451	1.70	US\$ 14,451
	CDIB X Finance I Holding Limited	Subsidiary	Investments accounted for using the equity method	5,500	US\$ 5,394	100.00	US\$ 5,394
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,578	US\$ 2,670	100.00	US\$ 2,670
	Fund	-	Financial assets at fair value through profit or loss	-	US\$ 56	-	US\$ 56
SCBS 1 Holding Corporation	Carlyle Asia Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 7,825	-	US\$ 7,825
	KKR X-Ray Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 29,331	-	US\$ 29,331
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 39,788	-	US\$ 39,788
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 57	-	US\$ 57
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 8,474	-	US\$ 8,474
	BCP QualTek Investor Holdings, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 7,088	-	US\$ 7,088
	Eve & Partners Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US\$ 7,857	-	US\$ 7,857
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US\$ 76,872	-	US\$ 76,872
	CDIB Capital Asia Partners L.P.	-	Financial assets at fair value through profit or loss	-	-	-	-
	Corporate bond	-	Financial assets at fair value through profit or loss	-	-	-	-
	Konow Capital International Limited	-	Financial assets at fair value through profit or loss	29,395,000	US\$ 29,278	-	US\$ 29,278
	StorHub Hong Kong I Limited	-	Financial assets measured at amortized cost	1,291,923	US\$ 1,266	-	US\$ 1,325
	StorHub Hong Kong IV Limited	-	Financial assets measured at amortized cost	2,101,959	US\$ 2,059	-	US\$ 2,155
	StorHub Hong Kong VI Limited	-	Financial assets measured at amortized cost	5,477,324	US\$ 5,366	-	US\$ 5,616
CDIB X Finance I Holding Limited	Convertible (exchange) corporate bond	-	Financial assets at fair value through profit or loss	7,013,490	US\$ 1,000	-	US\$ 1,000
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	-	-	-	-
	Stocks	-	Financial assets at fair value through profit or loss	-	-	-	-
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US\$ 2,657	2.91	US\$ 2,657
	Corporate bond	-	Financial assets measured at amortized cost	-	-	-	-
	Xian Group Limited	-	Financial assets measured at amortized cost	5,000,000	US\$ 4,899	-	US\$ 5,000
	Stocks	-	Financial assets at fair value through profit or loss	-	-	-	-
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US\$ 1,724	2.46	US\$ 1,724
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US\$ 3,118	10.00	US\$ 3,118
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US\$ 6,783	2.88	US\$ 6,783
	CDIB TMK Finance Holding Limited	Subsidiary	Investments accounted for using the equity method	19,182	US\$ 19,055	100.00	US\$ 19,055
	NY4 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	8,080,000	US\$ 8,069	100.00	US\$ 8,069
	Indostar Everstone - preferred stock	-	Financial assets at fair value through profit or loss	860,332	US\$ 9,195	8.12	US\$ 9,195
	Corporate bond	-	Financial assets measured at amortized cost	-	-	-	-
CDIB TMK Finance Holding Limited	Techmate Korea Daebu Co., Ltd.	-	Financial assets measured at amortized cost	22,789,140,793	US\$ 18,609	-	US\$ 19,729

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Global Markets Limited	Stocks Big Commerce Holdings, Inc. Eventbrite, Inc. ContextLogic, Inc. Flemingo International (BVI) Ltd. - preferred stock Osaro, Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	30,361	US\$ 1,074	0.04	US\$ 1,074	
		-	Financial assets at fair value through profit or loss	24,904	US\$ 434	0.03	US\$ 434	
		-	Financial assets at fair value through profit or loss	97,200	US\$ 302	0.02	US\$ 302	
		-	Financial assets at fair value through profit or loss	1,048	US\$ 9,990	50.19	US\$ 9,990	
	Fund Huaxing Capital Partners II LP Carlyle Asia Partners III, L.P. Convertible (exchange) corporate bond Amber Investment Partners Limited Orehid Investment Holdings	-	Financial assets at fair value through profit or loss	-	US\$ 6,720	-	US\$ 6,720	
		-	Financial assets at fair value through profit or loss	-	US\$ 86	-	US\$ 86	
		Associate	Financial assets at fair value through profit or loss	30,091,200	US\$ 30,091	-	US\$ 30,091	
		Associate	Financial assets at fair value through profit or loss	28,106,786	US\$ 28,107	-	US\$ 28,107	
	Stocks CDIB Capital International (Hong Kong) Corporation Limited CDIB Capital International (USA) Corporation CDIB Capital Asia Partners Limited CDIB Intelligence Partners Limited CDIB Buyout Partners Limited CDIB Asia Secured Opportunities GP Ltd.	Subsidiary	Investments accounted for using the equity method	15,400,000	US\$ 5,703	100.00	US\$ 5,703	
		Subsidiary	Investments accounted for using the equity method	8,000,000	US\$ 3,120	100.00	US\$ 3,120	
		Subsidiary	Investments accounted for using the equity method	100	US\$ 21	100.00	US\$ 21	
		Subsidiary	Investments accounted for using the equity method	-	US\$ -	100.00	US\$ -	(Note 5)
China Development Asset Management Corp.	Stocks Waterland Securities Co., Ltd. Chinfon Commercial Bank Pine Street Asset Management Corp.	-	Financial assets at fair value through profit or loss	9,106,037	109,013	1.07	109,013	
		-	Financial assets at fair value through profit or loss	5,026,269	-	0.86	-	
		-	Financial assets at fair value through other comprehensive income	3,886,190	20,605	12.25	20,605	
		Subsidiary	Investments accounted for using the equity method	58,328,460	662,836	76.04	662,836	
	Stocks Pacific Electric Wire and Cable Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	121,647	100.00	121,647	
		-	Financial assets at fair value through other comprehensive income	546,231	842	0.07	842	
		Subsidiary	Investments accounted for using the equity method	156,864,163	US\$ 579,723	100.00	US\$ 579,723	
		Subsidiary	Investments accounted for using the equity method	-	-	-	-	
	Stocks Young Shine Electric Co., Ltd. Allied Supreme Corporation Yield Microelectronics Corp. WinWay Technology Co., Ltd. AMPAK Technology Inc. Wiltrom Co., Ltd. Taiwan Advanced Nanotech Inc. Gingy Technology Inc. Sustainable Development Co., Ltd. Yongda Food Technology Co., Ltd. Chen Feng Optronics Corporation Weltech Energy Inc. Navitus Corporation Jia Wei Lifestyle Inc	-	Financial assets at fair value through profit or loss	855,000	51,266	4.27	51,266	
		-	Financial assets at fair value through profit or loss	305,000	88,603	0.44	88,603	
		-	Financial assets at fair value through profit or loss	505,000	68,680	1.88	68,680	
		-	Financial assets at fair value through profit or loss	15,000	6,503	0.04	6,503	
CDIB Management Consulting Corp.	Stocks CDC Finance & Leasing Corp. CDIB International Leasing Corp.	-	Financial assets at fair value through profit or loss	900,000	106,893	1.49	106,893	
		-	Financial assets at fair value through profit or loss	76,000	2,516	0.26	2,516	
		-	Financial assets at fair value through profit or loss	601,000	74,224	2.58	74,224	
		-	Financial assets at fair value through profit or loss	175,100	1,098	2.49	1,098	
	Stocks KG Investments Holdings Limited	-	Financial assets at fair value through profit or loss	211,930	20,303	0.62	20,303	
		-	Financial assets at fair value through profit or loss	1,100,000	7,891	4.02	7,891	
		-	Financial assets at fair value through profit or loss	1,763,894	44,487	2.42	44,487	
		-	Financial assets at fair value through profit or loss	2,222,000	29,997	5.73	29,997	
	Stocks Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through profit or loss	125,000	2,500	0.22	2,500	
		-	Financial assets at fair value through profit or loss	550,000	42,185	0.68	42,185	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
KGI Venture Capital Co., Ltd.	Stocks						
	Deluxe Technology Group.	-	Financial assets at fair value through profit or loss	632,307	\$ 4,575	0.85	\$ 4,575
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	580,000	308,844	0.20	308,844
	Formosa Pharmaceutical, Inc.	-	Financial assets at fair value through profit or loss	50,000	1,731	0.05	1,731
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	159,000	20,829	0.31	20,829
	Panion & Bf Biotech Inc.	-	Financial assets at fair value through profit or loss	345,000	25,944	0.40	25,944
	Nfore Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	20,000	1.43	20,000
	Evergreen Aviation Technologies Corp	-	Financial assets at fair value through profit or loss	1,599,600	100,775	0.45	100,775
	Webcomm Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	150,000	18,371	1.15	18,371

Note 1: The Group recognized the related income or loss of investees as required by regulations.

Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.

Note 3: No securities were treated as collaterals or warrants.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

Note 5: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2021.

Note 6: CDIB Buyout Partners Limited conducted registration establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2021.

Note 7: CDIB Asia Secured Opportunities GP Ltd. conducted registration establishment on September 9, 2021, however, CDIB Asia Secured Opportunities GP Ltd. had not invested any capital as of December 31, 2021.

(Concluded)

TABLE 4

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount
The Corporation	Stocks China Life Insurance Co., Ltd.	Investments accounted for using the equity method	Public tender offer and share swap	-	1,237,925,697	\$ 51,681,255	3,682,727,434	\$ 144,806,276 (Note 1)	-	\$ -	4,920,653,131	\$ 196,487,531 (Note 1)
KGI Bank	Stocks Suijin KGI Consumer Finance Co., Ltd.	Investments accounted for using the equity method	-	-	-	-	-	4,113,459 (Note 2)	-	-	-	4,113,459 (Note 2)
China Life Insurance Co., Ltd.	Stocks FU BAO YI HAO Energy Co Ltd.	Investments accounted for using the equity method	-	-	-	-	37,777,800	370,195 (Note 3)	-	-	37,777,800	370,195 (Note 3)
	TAIPAN SOLAR CO., LTD.	Investments accounted for using the equity method	-	-	-	-	45,150,000	451,243 (Note 4)	-	-	45,150,000	451,243 (Note 4)
CDIB Capital Investment I Limited	Corporate bonds Konew Capital International Limited	Financial assets at fair value through profit or loss	-	-	-	-	29,395,000	US\$ 29,395 (Note 5)	-	-	29,395,000	US\$ 29,395 (Note 5)
CDIB Capital Investment II Limited	Stocks CDIB TMK Finance Holding Limited	Investments accounted for using the equity method	-	-	-	-	19,182	US\$ 19,055 (Note 6)	-	-	19,182	US\$ 19,055 (Note 6)
CDIB Global Markets Limited	Fund Carlye Asia Partners IV, L.P.	Financial assets at fair value through profit or loss	-	-	-	US\$ 14,793	-	(1,227) (Note 7)	US\$ 13,566	US\$ 5,941	-	-
	Riverwood Capital Partners II L.P.	Financial assets at fair value through profit or loss	-	-	-	US\$ 15,668	-	(1,904) (Note 7)	US\$ 13,764	US\$ 15,053	-	-
	Convertible corporate bond Amber Investment Partners Limited	Financial assets at fair value through profit or loss	-	-	-	-	30,091,200	US\$ 30,091 (Note 5)	-	-	30,091,200	US\$ 30,091 (Note 5)
	Orchid Investment Holdings	Financial assets at fair value through profit or loss	-	-	-	-	28,106,786	US\$ 28,107 (Note 5)	-	-	28,106,786	US\$ 28,107 (Note 5)

Note 1: Consists of cost of purchase \$108,657,273 thousand, investment gain \$11,246,071 thousand, increase of treasury stocks \$885,665 thousand, increase of paid-in capital \$18,583,453 thousand, increase of retained earnings \$124,270 thousand, increase of other equity interest \$6,204,714 thousand and cash dividend \$895,170 thousand.

Note 2: Consists of investment \$4,105,883 thousand, investment gain \$26,542 thousand, Subscription reduction not in proportion to shareholding \$365 thousand and loss on exchange differences on translation of financial statements of foreign operations \$18,601 thousand.

Note 3: Consists of cost of purchase \$377,778 thousand, investment loss \$7,583 thousand.

Note 4: Consists of cost of purchase \$451,500 thousand, investment loss \$257 thousand.

Note 5: Initial acquisition cost.

Note 6: Consists of cost of purchase \$19,182 thousand, investment loss \$127 thousand.

Note 7: It is the net change in the fund's investment appropriation and investment distribution.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Property	Event Date (Note 2)	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
China Life Insurance Co., Ltd.	21-30F., No. 118, Ciyun Rd., East Dist., Hsinchu City, 150 parking spaces located on No. 118, Ciyun Rd., East Dist., Hsinchu City	2021.08.19	\$ 2,325,000	Payments according to contracts	Land: Ms. Ding Building: Fong Yi Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Valuation report of appraisers	For business use	None
	64 parking spaces in the whole building and basement, No. 356 and 358, Gongye Road, Xizhi District, New Taipei City	2021.10.21	960,000	Payments according to contracts	Shine Media Company Ltd.	Non-related party	-	-	-	-	Valuation report of appraisers	For business use	None
KGI Bank	The office located at "8F., No. 19-3, Sanchong Rd., Nangang Dist., Taipei City" and 9 parking spaces (including with the share of possession of No. 19-14, Sanchong Rd., Nangang Dist. Taipei City")	2021.09.27	410,000	paid in full	CDIB Capital Group	Subsidiary of the parent company	Industrial Development Bureau of Ministry of Economy	Non-related party	1999.11.19	180,325	Valuation report of appraisers	It meets the needs of the Group and the KGI bank's operating needs and achieve the purpose of group operation efficiency and resource integration.	CDIB Capital Group sells and leases back 13.88 ping (493.99 square feet); the Corporation accepts its existing lease; KGI Bank terminates its original lease

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Date of Original Acquisition	Book Amount	Transaction Amount	Payment Status	Disposal of Gains and Losses	Counterparty	Relationship	Purpose of Acquisition	Pricing Reference	Other Terms
CDIB Capital Group	The entire building and its land at No. 125 and 127, Sec. 5, Nanjing E. Rd., Taipei City	2021.01.12	1986.05.01	\$ 861,597	\$ 9,288,800	Receipt in full	\$ 8,374,029	Shin Kong Life Insurance Co., Ltd.	Non-related party	In order to avoid idle assets, improve the efficiency of the use of funds	Public tender	None
	The office located at "8F., No. 19-3, Sanchong Rd., Nangang Dist., Taipei City" and 9 parking spaces (including with the share of possession of No. 19-14, Sanchong Rd., Nangang Dist. Taipei City")	2021.09.27	1999.11.19	175,685	410,000	Receipt in full	232,347	KGI Bank	Related party	It meets the needs of assets activation and achieve the purpose of group operation efficiency and resource integration.	Valuation report of appraisers	Sells and leases back 13.88 pings (493.99 square feet); the Corporation accepts its existing lease; KGI Bank terminates its original lease

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	CDIB Capital Group	Subsidiary	\$ 636,624 (Note 1)	-	-	-	\$ -	-
	KGI Bank	Subsidiary	927,223 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	2,513,268 (Note 2)	-	-	-	-	-
KGI Securities Co., Ltd.	KGI Bank	Subsidiary of the parent company	891,620	-	-	-	891,620	-
China Life Insurance Co., Ltd.	KGI Bank	Subsidiary of the parent company	1,776,237	-	-	-	1,663,239	-
KGI Asia Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	582,514	-	-	-	1,024	-
	KGI International (Hong Kong) Limited	Subsidiary of the parent company	632,578	-	-	-	632,578	-
KGI International (Hong Kong) Limited	KGI Asia Limited	Subsidiary of the parent company	321,811	-	-	-	321,811	-
KGI Securities (Singapore) Pte. Ltd	KGI Securities (Thailand) Public Company Limited	Other related parties	428,471	-	-	-	428,471	-
	KGI Asia Limited	Subsidiary of the parent company	360,191	-	-	-	360,191	-

Note 1: Tax receivable result from linked-tax system.

Note 2: Tax receivable result from directors' remuneration and linked-tax system.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SALES OF NPL FROM SUBSIDIARIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

1. Summary table of sales of distressed debt transactions

Transaction Date	Transaction Party	Content of Loans	Book Value	Amount	Disposal Gain (Loss)	Collateral Condition	The Relationship Between Transaction Party and Subsidiary
2021.12.10	A	Secured loan	\$ -	\$ 500	\$ 500	None	None

2. Information on the sale of a single batch of NPL with an amount of more than NT\$1 billion (excluding the sale and related parties): The Corporation and subsidiaries do not have this matter.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Year	Carrying Value, End of Year (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Shares	Percentage of Ownership	
The Corporation	CDIB Capital Group	Taipei City, Taiwan	Venture capital	100.00	\$ 34,950,364	\$ 9,666,452	2,041,115,913	-	2,041,115,913	100.00	
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	58,199,536	12,648,927	3,299,597,810	-	3,299,597,810	100.00	
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	67,368,160	4,015,668	4,606,162,291	-	4,606,162,291	100.00	
	China Development Asset Management Corp.	Taipei City, Taiwan	Trading and management of nonperforming loans of financial institution	100.00	1,428,078	67,678	113,360,000	-	113,360,000	100.00	
	China Life Insurance	Taipei City, Taiwan	Life insurance	100.00	196,487,531	11,246,071	4,920,653,131	-	4,920,653,131	100.00	

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS 9, for example, stock option.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Consolidated entities

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	100.00	26.17	(Note 1)
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	
	CDIB Global Markets Limited	Investment	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Private equity advisory service	-	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	100.00	(Note 2)
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	(Note 3)
	CDIB Asia Secured Credit Opportunities GP Ltd.	Private equity advisory service	100.00	-	(Note 4)
	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	
	CDIB X Finance I Holding Limited	Investment	100.00	100.00	
CDIB Capital Investment I Limited	CDIB TMK Finance Holding Limited	Investment	100.00	-	
CDIB Capital Investment II Limited	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
CDIB Capital Management Corporation	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	
	CDIB Private Equity (Kunshan) Corporation	Fund management	100.00	-	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	-	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	100.00	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Investment and consulting service	-	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	
	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
KGI Capital Asia Limited	KGI International (Hong Kong) Limited KGI Finance Limited PT KGI Sekuritas Indonesia	Derivative product services Investment and financing services Securities investment	100.00 100.00 99.00	100.00 100.00 99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp. CDIB International Leasing Corp.	Leasing Leasing	76.04 100.00	76.04 100.00	

Note 1: The company completed the share conversion on December 30, 2021, and China Life Insurance Co., Ltd. became a 100% subsidiary of the company.

Note 2: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2021.

Note 3: CDIB Buyout Partners Limited conducted registration of establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2021.

Note 4: CDIB Asia Secured Credit Opportunities GP Ltd. conducted registration of establishment on September 9, 2021, however, CDIB Asia Secured Credit Opportunities GP Ltd. had not invested any capital as of December 31, 2021.

(Concluded)

TABLE 11

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE

DECEMBER 31, 2021

(In Millions of New Taiwan Dollars; %)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
TSMC	\$ 56,357	19.25
Ministry of Finance, R.O.C.	52,922	18.08
EMIRATES NBD BANK PJSC	32,270	11.02
AT&T Inc	29,931	10.22
BNP-PARIBAS SA	29,228	9.98
Cathay Securities Investment Trust	26,322	8.99
COMCAST CORP	25,256	8.63
Capital Investment Trust Corporation	25,243	8.62
QNB Finance Ltd	25,069	8.56
JPMORGAN CHASE & CO.	25,042	8.55
Verizon Communications Inc	24,633	8.41
UNITED MEXICAN STATES	24,603	8.40
SAUDI INTERNATIONAL BOND	23,603	8.06
Natixis S.A.	22,114	7.55
BANK OF AMERICA CORP	21,775	7.44
NOMURA INTL FUNDING PTE	21,395	7.31
The National Copper Corporation of Chile	21,126	7.22
CITIGROUP INC.	20,364	6.96
BANK OF NOVA SCOTIA, TORONTO, CANADA	19,660	6.71
ELECTRICITE DE FRANCE SA	19,253	6.58
COMISION FEDERAL DE ELEC	18,949	6.47
Tencent Holdings Ltd	18,694	6.38
Yuanta Securities Co., Ltd.	18,449	6.30
SOCIETE GENERALE	18,291	6.25
Republic Of Indonesia	17,787	6.08
BARCLAYS PLC	17,598	6.01
Petronas Capital Limited	17,424	5.95
Anheuser-Busch InBev Worldwide Inc.	16,977	5.80
DEUTSCHE BANK AG	16,707	5.71
HSBC HOLDINGS PLC	16,664	5.69
ADCB Finance (Cayman) Limited	16,132	5.51
KG Investment Holdings Ltd	16,033	5.48

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
ROYAL BK CANADA LONDON	\$ 15,946	5.45
Fubon Asset Management Co., Ltd.	15,779	5.39
China Development Bank	15,581	5.32
MALAYAN BANKING BERHAD (MAYBANK)	15,285	5.22
Intel Corp.	15,181	5.19
WELLS FARGO & COMPANY	14,804	5.06
Saudi Arabian Oil Company	14,796	5.05
THE GOLDMAN SACHS GROUP, INC.	14,715	5.03
RUSSIAN FEDERATION	14,694	5.02
Alibaba Group Holding Limited	14,693	5.02
RAYTHEON TECH CORP	14,255	4.87
Oracle Corporation	13,491	4.61
FIRST ABU DHABI BANK PJS	13,416	4.58
US TREASURY N/B	13,329	4.55
REPUBLIC OF PERU	13,229	4.52
STANDARD CHARTERED PLC	13,085	4.47
MUFG BANK, LTD.	12,504	4.27
CCB Life Insurance Co., Ltd.	12,073	4.12
CREDIT AGRICOLE SA	11,859	4.05
MORGAN STANLEY	11,558	3.95
CREDIT SUISSE GROUP AG	11,103	3.79
Southern Copper Corporation	11,001	3.76
TAKEDA PHARMACEUTICAL	10,882	3.72
STATE OF QATAR	10,769	3.68
NATIONAL AUSTRALIA BANK	10,696	3.65
PT Pertamina (Persero)	10,691	3.65
COOPERATIEVE RABOBANK UA	10,636	3.63
Fuh Hwa Securities Investment Trust Co., Ltd.	10,583	3.61
Taiwan Power Company	10,503	3.59
KGI Securities Investment Trust Co., Ltd.	10,082	3.44
TRANSCANADA PIPELINES	9,586	3.27
COMMONWEALTH BANK AUST	9,523	3.25
MORGAN STANLEY FIN LLC	9,415	3.22
Fubon Financial Holding Co., Ltd.	9,368	3.20
BPCE SA	9,307	3.18
RELIANCE INDUSTRIES LIMITED	9,270	3.17
E.SUN Commercial Bank, Ltd.	9,028	3.08
BARCLAYS BANK PLC	8,901	3.04
IND & COMM BK OF CHINA	8,831	3.02
ANHEUSER-BUSCH INBEV FIN	8,424	2.88
KOMMUNALBANKEN AS	8,307	2.84
DEUTSCHE BANK/SINGAPORE	8,179	2.79
CVS Health Corp	8,069	2.76
United Microelectronics Corporation	7,865	2.69
Walt Disney Co	7,683	2.62

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Cathay Financial Holdings Co., Ltd.	\$ 7,621	2.60
SANTANDER INTL PROD PLC	7,615	2.60
ISHARES JP MORGAN USD EMERGI	7,586	2.59
Taiwan Cement Corp.	7,513	2.57
CTBC Bank Co., Ltd.	7,510	2.57
Yuanta Securities Co., Ltd.	7,299	2.49
Mitsui Sumitomo Insurance Company, Limited	7,200	2.46
CTBC Financial Holding Co., Ltd.	7,071	2.42
Cathay Life Insurance Co., Ltd.	7,050	2.41
Mega Financial Holding Company Ltd.	6,921	2.36
HON HAI PRECISION INDUSTRY CO., LTD.	6,899	2.36
PRUDENTIAL PLC	6,800	2.32
GRUPO TELEVISA SAB	6,692	2.29
LLOYDS BANKING GROUP PLC	6,545	2.24
WESTPAC BANKING CORP	6,510	2.22
MDGH - GMTN BV	6,417	2.19
BANK OF MONTREAL	6,369	2.18
Taishin Securities Investment Trust Co., Ltd.	6,068	2.07
ISHARES IBOXX INVESTMENT GRA	6,059	2.07
CDIB & PARTNERS INVESTMENT HOLDING CORPORATION	6,056	2.07
BANCO SANTANDER SA	6,027	2.06
AXA SA	5,954	2.03
AUST & NZ BANKING GROUP	5,935	2.03
Perusahaan Listrik Negara PT	5,787	1.98
APPLE INC	5,775	1.97
Powertech Technology Inc.	5,763	1.97
Kingdom of Saudi Arabia	5,538	1.89
PIMCO INVESTMENT MANAGEMENT	5,538	1.89
M&G Lux Investment Funds 1 - M	5,538	1.89
China Construction Bank Corporation	5,511	1.88
Cathay United Bank Company Limited	5,443	1.86
The Export-Import Bank of the Republic of China	5,432	1.86
LLOYDS BANK PLC	5,428	1.85
ASIA CEMENT CORPORATION	5,370	1.83
Taishin Financial Holding Co., Ltd.	5,273	1.80
CREDIT AGRICOLE CIB SA	5,228	1.79
FED REPUBLIC OF BRAZIL	5,165	1.76
AMAZON.COM INC	5,121	1.75
Aberdeen Standard Liquidity Fund (Lux)	4,984	1.70
LB BADEN-WUERTEMBERG	4,945	1.69
MANULIFE FINANCIAL CORP	4,937	1.69
CITIC LTD	4,867	1.66
Nan Ya Plastics Corporation	4,841	1.65
Abu Dhabi Commercial Bank	4,818	1.65

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
FOX CORP	\$ 4,740	1.62
TELEFONICA EMISIONES SAU	4,603	1.57
FedEx	4,538	1.55
ASE Technology Holding Co., Ltd.	4,513	1.54
ING GROEP NV	4,493	1.53
STANDARD LIFE ABERDEEN	4,426	1.51
QUALCOMM INC	4,393	1.50
First Financial Holding Co., Ltd.	4,367	1.49
MediaTek Inc.	4,363	1.49
ISHARES IBOX HIGH YLD CORP	4,345	1.48
HSBC BANK PLC	4,304	1.47
Bristol-Myers Squibb Company	4,242	1.45
SINOPEC GRP DEV 2018	4,217	1.44
PHOENIX LEAD LTD	4,156	1.42
CHINA CINDA FIN 2017 III	4,127	1.41
BLACKSTONE HOLDINGS FINA	4,121	1.41
Suyin KGI Consumer Finance Co., Ltd.	4,113	1.40
UNI-PRESIDENT ENTERPRISES CORP.	3,984	1.36
CTCI Development Corp.	3,963	1.35
KGI Futures Co., Ltd.	3,901	1.33
Hong Pu Real Estate Development Co., LTD	3,830	1.31
Bank of China Limited	3,829	1.31
Taiwan Mobile Co., Ltd.	3,803	1.30
BANK SINOPAC CO. LTD.	3,776	1.29
Formosa Chemicals & Fibre Corporation	3,752	1.28
SPDR	3,713	1.27
COMMERZBANK AG	3,674	1.25
ROMANIA	3,668	1.25
DELTA ELECTRONICS, INC.	3,624	1.24
Nan Shan Life Insurance Company, Ltd.	3,505	1.20
HSBC BANK PLC	3,500	1.20
Realtek Semiconductor Corp.	3,478	1.19
REPUBLIC OF PHILIPPINES	3,312	1.13
Chang Hwa Commercial Bank, Ltd.	3,304	1.13
CHINA GOVERNMENT BOND	3,266	1.12
FANNIE MAE	3,167	1.08
HUNGARY	3,117	1.06
Fubon Life Insurance Co., Ltd.	3,107	1.06
AIA Group Limited	3,056	1.04
EXPORT-IMPORT BANK CHINA	3,026	1.03
Taishin International Bank Co., Ltd.	3,000	1.02
Total	\$ 1,700,281	580.74
2. The same group		
TSMC Group	\$ 59,242	20.23
Lin Yuan Group	50,602	17.28
Fubon Group	38,420	13.12

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Investment Corp of Dubai Group	\$ 32,270	11.02
BPCE Group	31,421	10.73
AT&T Inc Group	29,931	10.22
BNP Paribas Group	29,498	10.08
HONG TAI Group	28,611	9.77
JPMORGAN CHASE Group	27,247	9.31
Barclays Bank Group	26,586	9.08
HSBC Group	26,531	9.06
Yuanta Group	25,903	8.85
Anheuser-Busch InBev Group	25,400	8.68
Deutsche Bank Group	25,302	8.64
COMCAST Group	25,256	8.63
Qatar National Bank Group	25,069	8.56
Verizon Communications Inc Group	24,633	8.41
Bank of America Group	21,796	7.44
NOMURA Group	21,458	7.33
CITI Group	21,303	7.28
Codelco Group	21,126	7.22
MORGAN STANLEY GROUP	20,993	7.17
Taishin Group	20,110	6.87
BLACKROCK Group	19,761	6.75
Societe Generale Group	19,680	6.72
BANK OF NOVA SCOTIA	19,660	6.71
EDF Group	19,253	6.58
CTBC Group	18,990	6.49
COMISION FEDERAL DE ELEC Group	18,949	6.47
Tencent Group	18,694	6.38
Far Eastern Group	17,732	6.06
China Construction Bank Group	17,584	6.01
PETRONAS Group	17,424	5.95
Crédit Agricole Group	17,087	5.84
Royal Bank of Canada Group	16,905	5.77
Saudi Arabian Oil Co Group	16,832	5.75
Foxconn Technology Group	16,308	5.57
Abu Dhabi Commercial Bank Group	16,132	5.51
China Development Bank Group	15,581	5.32
Malayan Banking Berhad Group	15,285	5.22
Intel Group	15,181	5.19
Wells Fargo Bank Group	14,804	5.06
Goldman Sachs Group	14,715	5.03
CREDIT SUISSE Group	14,694	5.02
Alibaba Group	14,693	5.02
Raytheon Company Group	14,255	4.87
FAB Group	13,969	4.77
Oracle Group	13,491	4.61

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Standard Chartered Group	\$ 13,085	4.47
Mitsubishi UFJ Financial Group	12,683	4.33
YFY Group	12,053	4.12
LLOYDSBK Group	11,973	4.09
Mega Financial Holding Group	11,322	3.87
Mexico Group	11,001	3.76
RELIANCE INDUSTRIES LIMITED Group	10,929	3.73
TAKEDA PHARMACEUTICAL Group	10,882	3.72
National Australia Bank Group	10,696	3.65
PERTAMINA Group	10,691	3.65
Rabobank Group	10,636	3.63
Fuh Hwa Securities Investment Trust Group	10,583	3.61
E.SUN Financial Holding Group	10,184	3.48
ICBC Group	9,939	3.39
Ruentex Group	9,703	3.31
Sinopec Group	9,653	3.30
TC Energy Corporation Group	9,586	3.27
Commonwealth Bank of Australia Group	9,523	3.25
Standard Life Aberdeen Group	9,410	3.21
First Financial Holding Group	9,213	3.15
Allianz SE Group	9,062	3.10
UMC Group	8,974	3.07
Westpac Banking Group	8,728	2.98
Kongeriket Norge Group	8,307	2.84
CVS Health Corp Group	8,069	2.76
Taiwan Cement Group	7,859	2.68
The Walt Disney Company Group	7,683	2.62
SANTANDER CENTRAL HISPANO S.A. Group	7,615	2.60
SUMITOMO MITSU GROUP	7,200	2.46
Prudential plc Group	6,800	2.32
ASE Group	6,713	2.29
GRUPO TELEVISA SAB Group	6,692	2.29
Chailease Group	6,463	2.21
Mubadala Investment Co Group	6,417	2.19
Bank of Montreal Group	6,369	2.18
Walsin Group	6,146	2.10
China Citic Bank Corporation Limited Group	6,090	2.08
AXA Group	5,954	2.03
AUSTRALIA AND NEW ZEALAND BANKING GROUP	5,935	2.03
Shin Kong Group	5,844	2.00
State Power Corporation of China Group	5,787	1.98
APPLE INC Group	5,775	1.97
Powertech Technology Group	5,765	1.97
Qsan Technology Group	5,519	1.89

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Uni President Group	\$ 5,495	1.88
NAN YA PLASTICS CORPORATION GROUP	5,270	1.80
China Cinda Group	5,235	1.79
Formosa Plastic Group	5,173	1.77
Gateway Real Estate Fund Group	5,138	1.75
Amazon.com, Inc. Group	5,121	1.75
Baden-Württemberg Group	4,945	1.69
Manulife Financial Corporation - S Group	4,937	1.69
Fox Corporation Group	4,740	1.62
Taiwan Cooperative Group	4,626	1.58
Telefónica, S.A. Group	4,603	1.57
State Street Corporation Group	4,602	1.57
FedEx Group	4,538	1.55
ING Group	4,493	1.53
Cheung Kong Holdings Group	4,482	1.53
Black Stone Group	4,465	1.53
Qualcomm Group	4,393	1.50
MediaTek Inc. Group	4,363	1.49
Evergreen Group	4,295	1.47
Bristol-Myers Squibb Group	4,242	1.45
Yulon Group	4,183	1.43
CTCI Group	4,154	1.42
Bank of Jiangsu Group	4,113	1.40
Bank of China Limited Group	4,002	1.37
AU Optronics Group	3,906	1.33
Hong Pu Group	3,830	1.31
Formosa Chemicals and Fiber Group	3,753	1.28
DBS Group	3,734	1.28
COMMERZBANK Group	3,674	1.25
Delta Electronics, Inc. Group	3,624	1.24
GlobiTech Group	3,412	1.17
Wistron Group	3,318	1.13
Chang Hwa Commercial Bank Group	3,304	1.13
Lien Hwa Group	3,161	1.08
Kingtown Group	3,112	1.06
YAGEO Group	3,111	1.06
WPG Holdings Group	3,082	1.05
AIA Group	3,056	1.04
AllianceBernstein Holding L.P. Group	3,046	1.04
The Export-Import Bank of China Group	3,026	1.03
Total	\$ 1,261,635	553.87

(Concluded)

TABLE 12

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2021	2020
Cash and cash equivalents	\$ 1,480,794	\$ 14,873,993
Receivables, net	322,683	1,568,478
Current tax assets	4,092,327	2,612,264
Investments accounted for using the equity method, net	358,433,669	223,898,679
Other financial assets	300	300
Right-of-use assets, net	1,106,233	22,160
Property and equipment, net	213,532	57,526
Other assets, net	90,789	70,357
Total	\$ 365,740,327	\$ 243,103,757
Liabilities and Equity		
<u>Liabilities</u>		
Commercial paper payable, net	\$ 15,799,059	\$ 5,449,715
Payables	2,295,000	1,167,545
Current tax liabilities	1,765,796	1,411,995
Bonds payable	48,000,000	29,000,000
Other borrowings	3,899,854	3,299,531
Provisions	24,451	14,440
Lease liabilities	1,168,038	21,770
Other liabilities	7,791	2,653
Total liabilities	72,959,989	40,367,649
<u>Equity</u>		
Capital		
Common stock	171,896,598	149,729,414
Preferred stock	18,930,436	-
Advance receipts for capital stock	31,175	3,298
Capital surplus	36,147,480	1,627,728
Retained earnings		
Legal reserve	10,035,815	8,816,167
Special reserve	298,120	565,041
Unappropriated earnings	52,021,923	24,809,292
Other equity	12,490,292	18,363,815
Treasury shares	(9,071,501)	(1,178,647)
Total equity	292,780,338	202,736,108
Total	\$ 365,740,327	\$ 243,103,757

(Continued)

2. Statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	\$ 37,966,527	\$ 14,727,565
Others	<u>20,376</u>	<u>44,581</u>
Total revenues	<u>37,986,903</u>	<u>14,772,146</u>
EXPENSES AND LOSSES		
Operating expenses	(2,581,831)	(1,329,390)
Others	<u>(484,281)</u>	<u>(384,293)</u>
Total expenses and losses	<u>(3,066,112)</u>	<u>(1,713,683)</u>
NET PROFIT BEFORE INCOME TAX	34,920,791	13,058,463
INCOME TAX BENEFIT (EXPENSE)	<u>122,640</u>	<u>(403,186)</u>
NET PROFIT FOR THE YEAR	<u>35,043,431</u>	<u>12,655,277</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Remeasurement of defined benefit plans	(10,579)	(4,318)
Share of the other comprehensive income of subsidiaries, associates and joint ventures	793,082	3,290,865
Income tax relating to the items that will not be reclassified subsequently to profit or loss	333,019	(203,642)
Items that will be reclassified subsequently to profit or loss, net of income tax		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(22,726,987)	6,962,549
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>3,332,278</u>	<u>(1,042,063)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(18,279,187)</u>	<u>9,003,391</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,764,244</u>	<u>\$ 21,658,668</u>
BASIC EARNINGS PER SHARE	<u>\$2.34</u>	<u>\$0.87</u>
DILUTED EARNINGS PER SHARE	<u>\$2.34</u>	<u>\$0.87</u>

(Continued)

3. Statements of changes in equity

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

	Equity Attributable to Owners of the Parent												
	Capital						Retained Earnings		Other Equity				
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gains (Losses) on Financial Instruments	Other Comprehensive Income Reclassified Using the Overlay Approach	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	\$ 149,663,721	\$ -	\$ 20,359	\$ 1,093,745	\$ 7,561,404	\$ 10,797,899	\$ 12,617,275	\$ (1,290,483)	\$ -	\$ 9,350,629	\$ 1,347,757	\$ (3,137,278)	\$ 187,525,128
Appropriation of the 2019 earnings	-	-	-	-	1,254,763	-	(1,254,763)	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	(10,232,858)	10,232,858	-	-	-	-	-	(8,982,659)
Cash dividends - NT\$0.6 per share	-	-	-	-	1,254,763	(10,232,858)	(4,564)	-	-	-	-	-	(8,982,659)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	12,655,277	-	-	-	-	-	12,655,277
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(206,043)	(2,023,803)	11,423,752	(190,515)	-	-	9,003,391
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	12,449,234	(2,023,803)	11,423,752	(190,515)	-	-	21,658,668
Disposal of the Corporation shares, as treasury shares	-	-	-	318,648	-	-	-	-	-	-	-	1,958,631	2,277,279
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	-	221,591	-	-	-	-	-	-	-	-	221,591
Share-based payments	65,693	-	(17,061)	(6,256)	-	-	(7,721)	-	-	-	-	-	34,605
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(246,428)	-	246,428	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	1,496	-	-	-	-	-	1,496
BALANCE AT DECEMBER 31, 2020	149,729,414	-	3,298	1,627,728	8,816,167	565,041	24,809,292	(3,814,286)	21,020,859	1,157,242	-	(1,178,647)	202,736,108
Appropriation of the 2020 earnings	-	-	-	-	1,219,648	3,790	(12,19,648)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(3,790)	-	-	-	-	-	(8,244,420)
Cash dividends - NT\$0.55 per share	-	-	-	-	1,219,648	3,790	(9,467,858)	-	-	-	-	-	(8,244,420)
Special reserve reversed	-	-	-	-	-	(270,711)	270,711	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(240)	-	-	(365)	-	-	-	-	-	(605)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	35,043,431	-	-	-	-	-	35,043,431
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(251,756)	(1,266,145)	(18,446,104)	1,684,818	-	-	(18,279,187)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	34,791,675	(1,266,145)	(18,446,104)	1,684,818	-	-	16,764,244
Disposal of the Corporation shares, as treasury shares	-	-	-	214,147	-	-	-	-	-	-	-	1,655,484	1,869,631
Difference between consideration and carrying amount of subsidiaries acquired or disposed	20,745,684	18,920,436	-	33,961,473	-	-	-	(66,118)	12,824,783	2,564,263	-	(9,548,338)	79,432,183
Share-based payments	1,421,500	-	27,827	344,372	-	-	(88,544)	-	-	-	-	-	276,720
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,730,535	-	(1,730,535)	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	(53,523)	-	-	-	-	-	(53,523)
BALANCE AT DECEMBER 31, 2021	\$ 171,896,598	\$ 18,920,436	\$ 31,125	\$ 36,147,480	\$ 10,035,815	\$ 298,120	\$ 52,021,923	\$ (5,126,549)	\$ 13,660,003	\$ 5,406,323	\$ (1,438,485)	\$ (9,071,501)	\$ 292,780,338
													(Continued)

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 34,920,791	\$ 13,058,463
Adjustments for:		
Depreciation and amortization expenses	101,611	18,794
Interest expense	460,513	367,493
Interest income	(8,647)	(37,663)
Share-based payment compensation cost	7,535	-
Share of loss of subsidiaries, associates and joint ventures	(37,644,796)	(14,657,380)
Changes in operating assets and liabilities		
Receivables	(260,623)	(13,802)
Other assets	(7,056)	(17,617)
Payables	1,103,148	255,016
Other liabilities	4,570	(2,637)
Interest paid	(434,071)	(390,758)
Interest received	15,065	32,203
Dividend received	8,041,183	12,252,346
Income tax paid	<u>(1,003,623)</u>	<u>(8,288)</u>
Net cash generated from operating activities	<u>5,295,600</u>	<u>10,856,170</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	2,500,000	1,000,000
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	10,500,000	2,000,000
Acquisition of property and equipment	(169,947)	(28,352)
Others	<u>(14,665)</u>	<u>(12,838)</u>
Net cash generated from investing activities	<u>12,815,388</u>	<u>2,958,810</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	10,349,344	1,599,974
Issuance of corporate bonds	19,000,000	14,000,000
Repayments of corporate bonds	-	(8,000,000)
Proceeds from (repayments of) other borrowings	600,323	(500,265)
Acquisition of ownership interests in subsidiaries	(53,421,923)	-
Cash dividend paid	(8,244,420)	(8,982,659)
Others	<u>212,489</u>	<u>27,483</u>
Net cash used in financing activities	<u>(31,504,187)</u>	<u>(1,855,467)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,393,199)	11,959,513
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>14,873,993</u>	<u>2,914,480</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,480,794</u>	<u>\$ 14,873,993</u>

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Cash and cash equivalents, due from the Central Bank and call loans to banks	\$ 57,812,543	\$ 41,562,162
Financial assets at fair value through profit or loss	23,904,374	71,917,709
Financial assets at fair value through other comprehensive income	197,503,631	201,829,447
Debt instruments measured at amortized cost	13,112,516	11,526,785
Financial assets for hedging	251,279	102,479
Securities purchased under resell agreements	3,609,158	30,168,313
Receivables, net	21,137,817	26,314,761
Discounts and loans, net	373,670,389	374,887,143
Investments accounted for using the equity method, net	5,916,251	1,729,629
Other financial assets, net	1,086,575	1,095,475
Property and equipment, net	5,387,909	5,103,634
Right-of-use assets, net	3,666,610	1,746,314
Investment property, net	1,624,473	1,279,682
Deferred tax assets	524,763	1,041,969
Other assets, net	<u>4,449,956</u>	<u>10,192,276</u>
Total assets	<u>\$ 713,658,244</u>	<u>\$ 780,497,778</u>
Deposits from the Central Bank and banks	\$ 20,823,546	\$ 11,426,738
Funds from the Central Bank and financial institutions	129,490	76,030
Financial liabilities at fair value through profit or loss	20,307,688	71,033,649
Financial liabilities for hedging	73,006	641,307
Notes and bonds issued under repurchase agreements	42,781,169	59,286,757
Payables	7,192,913	6,630,935
Current tax liabilities	878,223	644,352
Deposits and remittances	502,812,083	513,426,427
Bank debentures payable	25,241,122	20,351,293
Principal received on structured notes	17,930,084	21,640,763
Provisions	473,464	443,360
Lease liabilities	3,812,545	1,764,739
Deferred tax liabilities	60,915	19,831
Other liabilities	<u>5,062,206</u>	<u>6,124,853</u>
Total liabilities	<u>647,578,454</u>	<u>713,511,034</u>
Common stock	46,061,623	46,061,623
Capital surplus	7,258,874	7,251,306
Retained earnings	12,927,710	10,110,204
Other equity	<u>(168,417)</u>	<u>3,563,611</u>
Total equity	<u>66,079,790</u>	<u>66,986,744</u>
Total liabilities and equity	<u>\$ 713,658,244</u>	<u>\$ 780,497,778</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
Interest revenue	\$ 11,036,626	\$ 11,651,702
Interest expense	<u>(2,249,172)</u>	<u>(4,042,555)</u>
Interest profit, net	8,787,454	7,609,147
Noninterest profits and gains, net	<u>2,522,853</u>	<u>3,749,955</u>
Total net revenues	11,310,307	11,359,102
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	147,602	(409,651)
Operating expenses	<u>(6,534,360)</u>	<u>(6,225,058)</u>
Net profit before income tax	4,923,549	4,724,393
Income tax expense	<u>(785,781)</u>	<u>(500,035)</u>
Net profit for the year	4,137,768	4,224,358
Other comprehensive income (loss) for the year, net of income tax	<u>(2,317,268)</u>	<u>2,391,483</u>
Total comprehensive income (loss) for the year	<u>\$ 1,820,500</u>	<u>\$ 6,615,841</u>
Basic earnings per share	<u>\$0.90</u>	<u>\$0.92</u>

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Current assets	\$ 247,877,170	\$ 220,428,636
Noncurrent assets	<u>35,730,118</u>	<u>53,603,610</u>
Total assets	<u>\$ 283,607,288</u>	<u>\$ 274,032,246</u>
Current liabilities	\$ 200,632,782	\$ 195,621,321
Noncurrent liabilities	<u>11,651,646</u>	<u>6,550,817</u>
Total liabilities	<u>212,284,428</u>	<u>202,172,138</u>
Common stock		
Capital surplus	32,995,978	34,363,397
Retained earnings	7,706,245	8,648,583
Other equity	33,293,038	25,958,900
Total equity	<u>(2,672,401)</u>	<u>2,889,228</u>
	<u>71,322,860</u>	<u>71,860,108</u>
Total liabilities and equity	<u>\$ 283,607,288</u>	<u>\$ 274,032,246</u>

2. Condensed statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
Revenues	\$ 23,147,701	\$ 14,923,303
Costs and expenses	<u>(13,960,227)</u>	<u>(10,426,788)</u>
Profit from operations	<u>9,187,474</u>	<u>4,496,515</u>
Share of profit (loss) of subsidiaries, associates and joint ventures	4,510,814	3,837,113
Other income and loss	<u>626,556</u>	<u>867,996</u>
Total non-operating income or loss	<u>5,137,370</u>	<u>4,705,109</u>
Net profit before income tax	14,324,844	9,201,624
Income tax benefit (expense)	<u>(1,391,636)</u>	<u>(476,299)</u>
Net profit for the year	12,933,208	8,725,325
Other comprehensive income (loss) for the year, net of income tax	<u>(4,223,909)</u>	<u>1,234,404</u>
Total comprehensive income (loss) for the year	<u>\$ 8,709,299</u>	<u>\$ 9,959,729</u>
Basic earnings per share	<u>\$3.66</u>	<u>\$2.46</u>

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Current assets	\$ 4,742,422	\$ 4,550,941
Noncurrent assets	<u>33,083,626</u>	<u>33,474,784</u>
Total assets	<u>\$ 37,826,048</u>	<u>\$ 38,025,725</u>
Current liabilities	\$ 1,874,833	\$ 2,442,635
Noncurrent liabilities	<u>766,261</u>	<u>813,805</u>
Total liabilities	<u>2,641,094</u>	<u>3,256,440</u>
Common stock	20,411,159	20,411,159
Capital surplus	593,947	590,409
Retained earnings	15,501,990	14,577,712
Other equity	<u>(1,322,142)</u>	<u>(809,995)</u>
Total equity	<u>35,184,954</u>	<u>34,769,285</u>
Total liabilities and equity	<u>\$ 37,826,048</u>	<u>\$ 38,025,725</u>

2. Condensed statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
Operating revenues	\$ 2,081,762	\$ (704,604)
Operating cost	<u>(16,257)</u>	<u>-</u>
Gross profit (loss)	2,065,505	(704,604)
Operating expenses	<u>(1,887,315)</u>	<u>(513,284)</u>
Profit (loss) from operations	178,190	(1,217,888)
Non-operating income and expenses	<u>10,193,758</u>	<u>150,768</u>
Net profit (loss) before income tax	10,371,948	(1,067,120)
Income tax benefit	<u>(470,906)</u>	<u>11,704</u>
Net profit (loss) for the year	9,901,042	(1,055,416)
Other comprehensive income (loss) for the year, net of income tax	<u>(488,911)</u>	<u>(1,343,516)</u>
Total comprehensive income (loss) for the year	<u>\$ 9,412,131</u>	<u>\$ (2,398,932)</u>
Basic earnings (loss) per share	<u>\$4.85</u>	<u>\$(0.52)</u>

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Current assets	\$ 58,909	\$ 56,362
Noncurrent assets	<u>1,761,278</u>	<u>1,629,220</u>
Total assets	<u>\$ 1,820,187</u>	<u>\$ 1,685,582</u>
Current liabilities	\$ 274,872	\$ 224,794
Noncurrent liabilities	<u>117,237</u>	<u>3,348</u>
Total liabilities	<u>392,109</u>	<u>228,142</u>
Common stock	1,133,600	1,133,600
Capital surplus	139,538	139,538
Retained earnings	181,713	225,335
Other equity	<u>(26,773)</u>	<u>(41,033)</u>
Total equity	<u>1,428,078</u>	<u>1,457,440</u>
Total liabilities and equity	<u>\$ 1,820,187</u>	<u>\$ 1,685,582</u>

2. Condensed statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
Revenues and gains	\$ 169,554	\$ 229,573
Expenses and losses	<u>(88,327)</u>	<u>(84,490)</u>
Net profit before income tax	81,227	145,083
Income tax expense	<u>(13,549)</u>	<u>(21,425)</u>
Net profit for the year	67,678	123,658
Other comprehensive income (loss) for the year, net of income tax	<u>14,316</u>	<u>(17,419)</u>
Total comprehensive income (loss) for the year	<u>\$ 81,994</u>	<u>\$ 106,239</u>
Basic earnings per share	<u>\$0.60</u>	<u>\$0.63</u>

(Continued)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2021	2020
Cash and cash equivalents	\$ 153,787,291	\$ 101,376,515
Receivables	17,038,235	19,920,386
Current tax assets	-	526,131
Financial assets at fair value through profit or loss	435,588,827	375,555,929
Financial assets at fair value through other comprehensive income	280,355,344	482,873,124
Financial assets measured at amortized cost	1,201,310,968	1,046,395,601
Investments accounted for using the equity method, net	1,017,001	69,863
Investment property	43,216,992	36,838,917
Loans	33,931,189	33,557,049
Reinsurance assets	891,059	740,256
Property and equipment	12,036,982	12,414,988
Right-of-use assets	4,699,054	6,058,770
Intangible assets	304,998	234,530
Deferred tax assets	13,074,033	10,861,287
Other assets	7,749,971	7,724,396
Separate account product assets	<u>101,041,555</u>	<u>84,564,106</u>
Total assets	<u>\$ 2,306,043,499</u>	<u>\$ 2,219,711,848</u>
Payables	\$ 13,169,025	\$ 13,264,436
Current tax liabilities	1,924,345	2,591,206
Financial liabilities at fair value through profit or loss	981,018	7,931,359
Bonds Payable	10,000,000	10,000,000
Lease liabilities	1,768,675	1,751,214
Insurance liabilities	1,988,686,889	1,896,680,430
Foreign exchange valuation reserve	3,351,124	4,023,007
Provisions	199,799	212,754
Deferred tax liabilities	4,153,657	10,126,831
Other liabilities	3,757,700	8,909,300
Separate account product liabilities	<u>101,041,555</u>	<u>84,564,106</u>
Total liabilities	<u>2,129,033,787</u>	<u>2,040,054,643</u>
Common stock	49,206,531	47,313,972
Capital surplus	7,224,556	7,214,523
Retained earnings	94,990,656	70,988,356
Other equity	<u>25,587,969</u>	<u>54,140,354</u>
Total equity	<u>177,009,712</u>	<u>179,657,205</u>
Total liabilities and equity	<u>\$ 2,306,043,499</u>	<u>\$ 2,219,711,848</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Years Ended December 31	
	2021	2020
Operating revenues	\$ 300,244,299	\$ 323,248,432
Operating costs	(261,277,061)	(301,457,969)
Operating expenses	<u>(7,592,150)</u>	<u>(6,085,643)</u>
Profit from operations	31,375,088	15,704,820
Non-operating income and expenses	<u>(28,416)</u>	<u>(67,957)</u>
Income from continuing operations before income tax	31,346,672	15,636,863
Income tax expense	<u>(2,806,434)</u>	<u>(89,027)</u>
Net income	28,540,238	15,547,836
Other comprehensive income (loss) for the year, net of income tax	<u>(29,208,422)</u>	<u>24,113,661</u>
Total comprehensive income (loss) for the year	<u>\$ (668,184)</u>	<u>\$ 39,661,497</u>
Basic earnings per share	<u>\$5.80</u>	<u>\$3.16</u>

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2021

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

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Beauty Essential International (Shanghai) Ltd.	Sale and R&D of the cosmetics.	US\$ 2,000 thousand	Note 1.b.1)	US\$ 2,262 thousand	\$ -	\$ -	US\$ 2,262 thousand	(Note 3)	8.86	\$ -	\$ 67,536	\$ -
Beauteek (Shanghai) Co., Ltd.	Cosmetics and skin care products sales.	US\$ 1,700 thousand	Note 1.b.1)	US\$ 53 thousand	-	-	US\$ 53 thousand	(Note 3)	-	-	1,657	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US\$ 35,200 thousand	Note 1.b.2)	US\$ 1,400 thousand	-	-	US\$ 1,400 thousand	(Note 3)	1.66	-	43,985	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US\$ 17,130 thousand	Note 1.b.3)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US\$ 87,070 thousand	Note 1.b.4),16)	US\$ 228 thousand	US\$ 13 thousand	-	US\$ 241 thousand	(Note 3)	1.83	-	6,671	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1.b.5),17)	US\$ 182 thousand	-	-	US\$ 182 thousand	(Note 3)	5.00	-	5,042	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 28,000 thousand	Note 1.b.4),15)	US\$ 948 thousand	-	-	US\$ 948 thousand	(Note 3)	2.36	-	6,483	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 3,000 thousand	Note 1.b.4),15)	US\$ 33 thousand	-	-	US\$ 33 thousand	(Note 3)	2.36	-	228	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	CNY 171,574 thousand	Note 1.b.4),15)	US\$ 297 thousand	-	-	US\$ 297 thousand	(Note 3)	2.36	-	2,030	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US\$ 500 thousand	Note 1.b.4),15)	US\$ 42 thousand	-	-	US\$ 42 thousand	(Note 3)	2.36	-	284	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1.b.15)	US\$ 5,051 thousand	-	-	US\$ 5,051 thousand	(Note 3)	3.89	-	34,534	-
CDIB Private Equity (China) Corporation	Management and consulting.	US\$ 7,000 thousand	Note 1.b.7)	US\$ 7,000 thousand	-	-	US\$ 7,000 thousand	(8.076)	100.00	(8.076)	267,875	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 9	-	-	-	-	6.076	70.00	4,253	66,406	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1.b.7)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	(2.437)	70.00	(1,706)	32,649	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 600,000 thousand	Note 1.b.6),7)	CNY 350,000 thousand	\$ -	\$ -	CNY 350,000 thousand	\$ (232,686)	-	\$ (81,927)	\$ 755,448	\$ -
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 10	-	-	-	-	(14,403)	65.00	(9,362)	56,655	-
CDIB Yida Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting.	CNY 12,000 thousand	Note 1.b.7)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	1,384	65.00	900	34,044	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 828,367 thousand	Note 1.b.6),7)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	169,688	-	51,500	1,152,431	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment	CNY 422,000 thousand	Note 1.b.6),7)	CNY 89,224 thousand	CNY 34,633 thousand	-	CNY 123,857 thousand	124,892	-	37,905	561,553	-
Beijing Shengzhuang Co., Ltd.	Cosmetics sales.	CNY 54,300 thousand	Note 1.b.8)	US\$ 5,000 thousand	-	-	US\$ 5,000 thousand	(Note 3)	5.44	-	150,880	-
Lightel Technologies (Shenzhen) Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US\$ 4,100 thousand	Note 1.b.9)	US\$ 337 thousand	-	-	US\$ 337 thousand	(Note 3)	11.58	-	9,857	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 313,432 thousand	Note 1.b.5),10)	US\$ 2,311 thousand	-	-	US\$ 2,311 thousand	(Note 3)	7.74	-	63,994	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 195,686 thousand	Note 1.b.5),10)	US\$ 1,678 thousand	-	-	US\$ 1,678 thousand	(Note 3)	7.74	-	46,473	-
Jiangsu Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK\$ 761,576 thousand	Note 1.b.5),18)	US\$ 9,248 thousand	-	-	US\$ 9,248 thousand	(Note 3)	5.46	-	50,672	-
Tutuo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	CNY 350,379 thousand	Note 1.b.11)	US\$ 7,417 thousand	-	-	US\$ 7,417 thousand	(Note 3)	2.67	-	50,712	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US\$ 183,000 thousand	Note 1.b.12)	US\$ 211 thousand	-	-	US\$ 211 thousand	(Note 3)	-	-	2,360	-
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business.	CNY 2,600,000 thousand	Note 1.a	CNY 200,400 thousand	CNY 740,000 thousand	-	CNY 940,400 thousand	72,135	36.17	26,542 (Note 2.b.1)	4,113,459	-
CDIB International Leasing Corporation	Financial leasing and management business consulting.	CNY 187,750 thousand	Note 1.a	US\$ 30,000 thousand	-	-	US\$ 30,000 thousand	7,247	100.00	7,247 (Note 2.b.2)	121,647	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US\$ 4,000 thousand	Note 1.b,13)	US\$ 4,000 thousand	\$ -	US\$ 787 thousand	US\$ 3,213 thousand	\$ (452)	100.00	\$ (452) (Note 2,b,3)	\$ -	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1.a	12,880,969	-	-	12,880,969	4,842,303	19.90	80,404	14,582,181	148,983
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US\$ 13,380 thousand	Note 1.b,14)	US\$ 396 thousand	US\$ 58 thousand	-	US\$ 454 thousand	(Note 3)	0.85	-	1,241	-
Cheng Zong Environmental Protection Technology (Shanghai) Co., Ltd.	Business in Packaging materials, plastic products, machinery and equipment, providing molds and related products wholesale, commission agents.	US\$ 5,000 thousand	Note 1.b,14)	US\$ 120 thousand	-	-	US\$ 120 thousand	(Note 3)	0.88	-	328	-
Taro Technology (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements.	US\$ 30,000 thousand	Note 1.b,19)	US\$ 2,000 thousand	-	-	US\$ 2,000 thousand	(Note 3)	1.01	-	55,380	-
Rokid Business (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US\$ 15,000 thousand	Note 1.b,19)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	1.01	(Note 2,a)	83,070	-
Ningbo DINGYAO Transmission Machinery Co., Ltd.	Business in machinery and equipment; hi-tech product.	CNY 500 thousand	Note 1.b,20)	-	US\$ 159 thousand	-	US\$ 159 thousand	(Note 3)	2.90	-	4,390	-
Kunshan Beiju Machine Co., Ltd.	Business in welding fixture and fixture for inspection.	US\$ 8,000 thousand	Note 1.b,20)	-	US\$ 812 thousand	-	US\$ 812 thousand	(Note 3)	5.68	-	22,482	-
Kunshan Royal Precision Tools Corporation Ltd.	Business in belt-driven Spindle.	US\$ 3,956 thousand	Note 1.b,20)	-	US\$ 526 thousand	-	US\$ 526 thousand	(Note 3)	5.68	-	14,563	-
Kunshan XIJU Machinery Co., Ltd.	Business in CNC machine accessories.	US\$ 5,619 thousand	Note 1.b,20)	-	US\$ 290 thousand	-	US\$ 290 thousand	(Note 3)	5.68	-	8,038	-
Dongguan NANJU Machinery Co., Ltd.	Business in machinery equipment and its accessories.	CNY 1,500 thousand	Note 1.b,20)	-	US\$ 42 thousand	-	US\$ 42 thousand	(Note 3)	3.97	-	1,168	-
Chongqing TAIJU Machinery Co., Ltd.	Business in import and export of goods, production and sales; CNC; machining center; tool magazine.	US\$ 591 thousand	Note 1.b,20)	-	US\$ 49 thousand	-	US\$ 49 thousand	(Note 3)	3.97	-	1,345	-
Elixiron Immunotherapeutics Inc.	Research and development of new drugs for cancer and antiviral immunity.	CNY 6,332 thousand	Note 1.b,21)	US\$ 21 thousand	US\$ 175 thousand	-	US\$ 196 thousand	(Note 3)	9.32	-	5,492	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$23,718,339	US\$950,732 thousand	\$224,825,203

(Continued)

Note 1: The investment types are as follows:

- a. Direct investments.
- b. Reinvested through a third area by:
 - 1) Beauty Essentials International Ltd.
 - 2) Capital Excel Investments Limited.
 - 3) Hartec Asia Pte Ltd.
 - 4) CDIB Capital Investment I Limited.
 - 5) CDIB Capital Investment II Limited.
 - 6) CDIB Venture Capital (Hong Kong) Corporation Limited.
 - 7) CDIB Private Equity (Hong Kong) Corporation Limited.
 - 8) Shengzhuang Holdings Limited.
 - 9) Lightel Technologies, Inc.
 - 10) CBA Sport International Limited.
 - 11) CCAP Tuwo Holdings (Hong Kong) Limited.
 - 12) Best Logistics.
 - 13) Richpoint Company Limited.
 - 14) Deluxe Technology Group Co., Ltd.
 - 15) CDIB Capital Asia Partners LP.
 - 16) Great Team Backend Foundry, Inc.
 - 17) Sungoo Design Tech & Distribution Inc.
 - 18) Great Rich Technologies Limited.
 - 19) Rokid Corporation Limited.
 - 20) POJU (Cayman) International Co., Ltd.
 - 21) Elixiron Immunotherapeutics (Cayman) Limited
- c. Other.

Note 2: In the column "Investment Gain"

- a. If it is in preparation and there is no investment gain, it should state clearly.
- b. Investment Gain recognition was based on the following and should state clearly.

- 1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
- 2) Financial statements audited by the CPA firm of the parent company in Taiwan;
- 3) Other.

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: Subsidiary of the Corporation formerly indirectly invested in Focal Tech (Shenzhen) System Co., Ltd. through its subsidiary's investment in Focal Tech (Shenzhen) Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 5: Subsidiary of the Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yangzhou Enteres Industrial Co., Ltd., Yangzhou Enteres Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in China Peptides (Wuhan) Co., Ltd. through its subsidiary's investment in JHL Biotech, Inc. has been listed on the Taipei Exchange on September 17, 2015, refer to its financial report for the information.

Note 8: Subsidiary of the Corporation formerly indirectly invested in Power Logic Tech (DongGuan) Inc., Dongguan TaiYi Electronics Co., Ltd., Dongguan Yi Quan Electronics Co., Ltd. through Sun Max Tech Limited, has been listed on the Taipei Exchange on December 28, 2017, refer to its financial report for the information.

Note 9: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

(Continued)

Note 10: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 11: China Development Venture Capital Co., Ltd. passed a resolution of the board of directors acting on behalf of the shareholders meeting on July 20, 2020, and its 100% holding of CDIB Venture Capital (Hong Kong) Corporation Limited was transferred to China Development Capital Co., Ltd. by way of capital reduction in kind., And set July 27, 2020 as the reference date for the material reduction.

Note 12: Subsidiary of the Corporation formerly indirectly invested in Gio Van Gogh (International) Jewelry Limited through its subsidiary's investment in Regal Holding Co., Ltd. has been listed on the Taiwan Stock Exchange on June 26, 2017, refer to its financial report for the information.

Note 13: Subsidiary of the Corporation formerly indirectly invested in San Neng Bakeware (Wuxi) Co., Ltd. through its subsidiary's investment in San Neng Group Holdings Co., Ltd. has been listed on the Taiwan Stock Exchange on June 25, 2018, refer to its financial report for the information.

Note 14: Subsidiary of the Corporation formerly indirectly invested in Hangzhou Huatong Industries Inc. and Hangzhou Rilong Leather Co., Ltd. through its subsidiary's investment in Shane Global Holding Inc. has been listed on the Taiwan Stock Exchange on August 15, 2018, refer to its financial report for the information.

Note 15: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary's investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

Note 16: KGI Investment Advisory (Shanghai) Co., Ltd. applies liquidation, Taiwan competent authority authorized the acceptance on July 16, 2020, and located competent authority authorized the acceptance on July 20, 2021.

Note 17: Unrecovered the amount of investment is recognized investment loss.

(Concluded)

TABLE 14

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	CDIB Capital Group	1	Current tax assets	\$ 636,624	Note 4	0.02%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	636,624	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	218,787	Note 4	0.01%
1	CDIB Capital Group	The Corporation	2	Current tax assets	218,787	Note 4	0.01%
0	The Corporation	KGI Bank	1	Current tax assets	878,223	Note 4	0.03%
2	KGI Bank	The Corporation	2	Current tax liabilities	878,223	Note 4	0.03%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	2,372,268	Note 4	0.07%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	2,372,268	Note 4	0.07%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	1,444,562	Note 4	0.04%
2	KGI Bank	The Corporation	2	Deposits and remittances	1,444,562	Note 4	0.04%
0	The Corporation	CDIB Capital Management Corporation	1	Current tax assets	100,550	Note 4	0.00%
4	CDIB Capital Management Corporation	The Corporation	2	Current tax liabilities	100,550	Note 4	0.00%
5	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	913,551	Note 4	0.03%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	913,551	Note 4	0.03%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	4,474,132	Note 4	0.13%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	4,474,132	Note 4	0.13%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	4,139,173	Note 4	0.12%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	4,139,173	Note 4	0.12%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	\$ 786,409	Note 4	0.02%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	786,409	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	4,194,468	Note 4	0.12%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	600,000	Note 4	0.02%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	4,794,468	Note 4	0.14%
3	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	321,426	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	321,426	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Bank	3	Receivables, net	883,997	Note 4	0.03%
2	KGI Bank	KGI Securities Co., Ltd.	3	Payables	883,997	Note 4	0.03%
6	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	844,711	Note 4	0.02%
2	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	844,711	Note 4	0.02%
7	CDIB Management Consulting Corporation	KGI Bank	3	Cash and cash equivalents	129,238	Note 4	0.00%
2	KGI Bank	CDIB Management Consulting Corporation	3	Deposits and remittances	129,238	Note 4	0.00%
8	CDIB Management Capital Consulting Corporation	KGI Bank	3	Cash and cash equivalents	181,694	Note 4	0.01%
2	KGI Bank	CDIB Management Capital Consulting Corporation	3	Deposits and remittances	181,694	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	326,505	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	326,505	Note 4	0.01%
5	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	1,662,596	Note 4	0.05%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	1,662,596	Note 4	0.05%
3	KGI Securities Co., Ltd.	China Life Insurance Co., Ltd.	3	Receivables, net	167,892	Note 4	0.00%
5	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Payables	167,892	Note 4	0.00%
3	KGI Securities Co., Ltd. and its subsidiaries	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	207,556	Note 4	0.11%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
5	China Life Insurance Co., Ltd.	KGi Securities Co., Ltd. and its subsidiaries	3	Service fee revenue and commission expense	\$ 207,556	Note 4	0.11%
2	KGi Bank	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	213,004	Note 4	0.11%
5	China Life Insurance Co., Ltd.	KGi Bank	3	Service fee revenue and commission expense	213,004	Note 4	0.11%
5	China Life Insurance Co., Ltd.	KGi Bank	3	Others	156,232	Note 4	0.08%
2	KGi Bank	China Life Insurance Co., Ltd.	3	Operating expense	156,232	Note 4	0.08%
3	KGi Securities Co., Ltd.	KGi Futures Co., Ltd.	3	Cash and cash equivalents	1,053,092	Note 4	0.03%
9	KGi Futures Co., Ltd.	KGi Securities Co., Ltd.	3	Other financial liabilities	1,053,092	Note 4	0.03%
3	KGi Securities Co., Ltd.	KGi Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	137,510	Note 4	0.00%
9	KGi Futures Co., Ltd.	KGi Securities Co., Ltd.	3	Other financial liabilities	137,510	Note 4	0.00%
9	KGi Futures Co., Ltd.	KGi Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	247,523	Note 4	0.01%
10	KGi Securities (Singapore) Pte. Ltd.	KGi Futures Co., Ltd.	3	Other financial liabilities	247,523	Note 4	0.01%
9	KGi Futures Co., Ltd.	KGi Securities (Singapore) Pte. Ltd.	3	Other financial assets	1,219,378	Note 4	0.04%
10	KGi Securities (Singapore) Pte. Ltd.	KGi Futures Co., Ltd.	3	Other financial liabilities	1,219,378	Note 4	0.04%
9	KGi Futures Co., Ltd.	KGi Futures (Hong Kong) Limited	3	Other financial assets	164,040	Note 4	0.00%
11	KGi Futures (Hong Kong) Limited	KGi Futures Co., Ltd.	3	Other financial liabilities	164,040	Note 4	0.00%
11	KGi Futures (Hong Kong) Limited	KGi Securities (Singapore) Pte. Ltd.	3	Other financial assets	144,264	Note 4	0.00%
10	KGi Securities (Singapore) Pte. Ltd.	KGi Futures (Hong Kong) Limited	3	Other financial liabilities	144,264	Note 4	0.00%
11	KGi Futures (Hong Kong) Limited	KGi Securities (Singapore) Pte. Ltd.	3	Equity of futures trader	343,937	Note 4	0.01%
10	KGi Securities (Singapore) Pte. Ltd.	KGi Futures (Hong Kong) Limited	3	Other financial assets	343,937	Note 4	0.01%
12	KGi Asia Limited	KGi International (Hong Kong) Limited	3	Financial liabilities at fair value through profit or loss	444,251	Note 4	0.01%
13	KGi International (Hong Kong) Limited	KGi Asia Limited	3	Other financial assets	444,251	Note 4	0.01%
12	KGi Asia Limited	KGi Securities (Singapore) Pte. Ltd.	3	Other liabilities	351,850	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
10	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	\$ 351,850	Note 4	0.01%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Other liabilities	267,457	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	267,457	Note 4	0.01%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	632,578	Note 4	0.02%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	632,578	Note 4	0.02%
12	KGI Asia Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	582,514	Note 4	0.02%
14	PT KGI Sekuritas Indonesia	KGI Asia Limited	3	Payables	582,514	Note 4	0.02%
11	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Equity of futures trader	207,310	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	207,310	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	2,241,657	Note 4	0.06%
15	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	2,241,657	Note 4	0.06%
12	KGI Asia Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,383,985	Note 4	0.04%
15	KGI International Holdings Limited	KGI Asia Limited	3	Other financial liabilities	1,383,985	Note 4	0.04%
11	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,605,137	Note 4	0.05%
15	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	1,605,137	Note 4	0.05%
3	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expense	178,800	Note 4	0.09%
16	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Others	178,800	Note 4	0.09%
17	KGI Hong Kong Limited	KGI Asia Limited	3	Others	1,930,507	Note 4	1.00%
12	KGI Asia Limited	KGI Hong Kong Limited	3	Others	1,930,507	Note 4	1.00%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service fee revenue and commission income	243,517	Note 4	0.13%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service fee revenue and commission expense	243,517	Note 4	0.13%
17	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Others	385,112	Note 4	0.20%
13	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Others	385,112	Note 4	0.20%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
18	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	\$ 365,307	Note 4	0.01%
15	KGI International Holdings Limited	KGI International Finance Limited	3	Other financial liabilities	365,307	Note 4	0.01%
17	KGI Hong Kong Limited	KGI Investments Management Limited	3	Others	114,421	Note 4	0.06%
19	KGI Investments Management Limited	KGI Hong Kong Limited	3	Others	114,421	Note 4	0.06%
17	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Others	147,718	Note 4	0.08%
11	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Others	147,718	Note 4	0.08%
20	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	581,194	Note 4	0.02%
2	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	581,194	Note 4	0.02%
21	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Others	317,955	Note 4	0.17%
20	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expense	317,955	Note 4	0.17%
20	CDIB Capital International Corporation	CDIB Global Markets Limited	3	Others	416,600	Note 4	0.22%
22	CDIB Global Markets Limited	CDIB Capital International Corporation	3	Operating expense	416,600	Note 4	0.22%
22	CDIB Global Markets Limited	KGI Bank	3	Cash and cash equivalents	125,569	Note 4	0.00%
2	KGI Bank	CDIB Global Markets Limited	3	Deposits and remittances	125,569	Note 4	0.00%
20	CDIB Capital International Corporation	CDIB Capital Investment I Limited	3	Others	319,366	Note 4	0.17%
23	CDIB Capital Investment I Limited	CDIB Capital International Corporation	3	Operating expense	319,366	Note 4	0.17%

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

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

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

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

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

(Concluded)

TABLE 15-1**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS****DECEMBER 31, 2021****(Expressed in U.S. Dollars)**

	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,049,598	\$ 1	\$ 66,236
Other receivables	3,287	-	-
Other receivables - related parties	<u>-</u>	<u>-</u>	<u>13,045,237</u>
Total current assets	<u>5,052,885</u>	<u>1</u>	<u>13,111,473</u>
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income - noncurrent	-	-	1,393,000
Investments accounted for using the equity method	<u>579,722,642</u>	<u>570,180,253</u>	<u>790,735,490</u>
Total noncurrent assets	<u>579,722,642</u>	<u>570,180,253</u>	<u>792,128,490</u>
TOTAL	<u>\$ 584,775,527</u>	<u>\$ 570,180,254</u>	<u>\$ 805,239,963</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	\$ 73,100,000	\$ -	\$ -
Commercial paper payable	-	-	210,775,260
Other payables	22,002	-	-
Other payables - related parties	<u>-</u>	<u>5,541,413</u>	<u>25,248,034</u>
Total current liabilities	<u>73,122,002</u>	<u>5,541,413</u>	<u>236,023,294</u>
Total liabilities	<u>73,122,002</u>	<u>5,541,413</u>	<u>236,023,294</u>
EQUITY			
Common stock	92,872,376	156,864,163	209,248,261
Capital reserve	880,840	86,152	54,670,859
Special reserve	-	9,759,135	387,913
Retained earnings	419,194,916	399,223,998	305,980,633
Other equity	<u>(1,294,607)</u>	<u>(1,294,607)</u>	<u>(1,070,997)</u>
Total equity	<u>511,653,525</u>	<u>564,638,841</u>	<u>569,216,669</u>
TOTAL	<u>\$ 584,775,527</u>	<u>\$ 570,180,254</u>	<u>\$ 805,239,963</u>

TABLE 15-2**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS****DECEMBER 31, 2021****(Expressed in U.S. Dollars)**

ASSETS	KGI Limited	KGI International Limited	Global Treasure Investments Limited
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,875	\$ 431	\$ -
Other receivables - related parties	-	1,009,858	-
Other current assets	-	-	1
Total current assets	4,875	1,010,289	1
NONCURRENT ASSETS			
Investments accounted for using the equity method	453,287,344	69,141,564	-
TOTAL	<u>\$ 453,292,219</u>	<u>\$ 70,151,853</u>	<u>\$ 1</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other payables - related parties	\$ -	\$ 1,404	\$ -
Total liabilities	-	1,404	-
EQUITY			
Common stock	389,239,174	81,511,717	1
Retained earnings (accumulated deficit)	64,053,045	(11,361,268)	-
Total equity	453,292,219	70,150,449	1
TOTAL	<u>\$ 453,292,219</u>	<u>\$ 70,151,853</u>	<u>\$ 1</u>

TABLE 15-3**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS****DECEMBER 31, 2021****(Expressed in U.S. Dollars)**

ASSETS	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
CURRENT ASSETS			
Cash and cash equivalents	\$ 701,153	\$ -	\$ 225,199
Prepayments	1,743,031	-	-
Other receivables	195,278	-	-
Other receivables - related parties	8,972,594	1	-
Other current assets	<u>1,463,779</u>	<u>-</u>	<u>-</u>
Total current assets	<u>13,075,835</u>	<u>1</u>	<u>225,199</u>
NONCURRENT ASSETS			
Investments accounted for using the equity method	-	-	168,975,237
Property and equipment	4,901,506	-	-
Right-of-use assets	24,608,312	-	-
Other noncurrent assets	<u>48,414</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>29,558,232</u>	<u>-</u>	<u>168,975,237</u>
TOTAL	<u>\$ 42,634,067</u>	<u>\$ 1</u>	<u>\$ 169,200,436</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	\$ -	\$ -	\$ 95,111,111
Other payable	23,060,336	-	52,350
Current tax liabilities	235,209	-	-
Other payable - related parties	-	-	39,393
Lease liabilities - current	<u>4,743,649</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>28,039,194</u>	<u>-</u>	<u>95,202,854</u>
NONCURRENT LIABILITIES			
Provisions - noncurrent	1,493,660	-	-
Lease liabilities - noncurrent	<u>20,292,531</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>21,786,191</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>49,825,385</u>	<u>-</u>	<u>-</u>
EQUITY			
Common stock	15,000	1	75,749,306
Special reserve	66,956	-	-
Accumulated deficit	(7,273,274)	-	(2,031,129)
Other equity	<u>-</u>	<u>-</u>	<u>279,405</u>
Total equity	<u>(7,191,318)</u>	<u>1</u>	<u>73,997,582</u>
TOTAL	<u>\$ 42,634,067</u>	<u>\$ 1</u>	<u>\$ 169,200,436</u>

TABLE 16-1**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in U.S. Dollars)**

	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited
REVENUES			
Other operating income	\$ (106,024)	\$ 1,660	\$ 684,773
COSTS AND EXPENSES			
Financial costs	(266,768)	-	(1,492,655)
Other operating expenses	<u>(35,572)</u>	<u>(5,232)</u>	<u>(50,131)</u>
Total costs and expenses	<u>(302,340)</u>	<u>(5,232)</u>	<u>(1,542,786)</u>
GAIN (LOSS) FROM OPERATIONS	<u>(408,364)</u>	<u>(3,572)</u>	<u>(858,013)</u>
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	42,352,509	42,372,187	42,947,488
OTHER PROFITS (LOSSES)	<u>100,505</u>	<u>-</u>	<u>282,712</u>
NON-OPERATING REVENUE AND EXPENSE	<u>42,453,014</u>	<u>42,372,187</u>	<u>43,230,200</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>42,044,650</u>	<u>42,368,615</u>	<u>42,372,187</u>
OTHER COMPREHENSIVE INCOME (LOSSES)	<u>(12,882,949)</u>	<u>(12,998,951)</u>	<u>(12,998,951)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 29,161,701</u>	<u>\$ 29,369,664</u>	<u>\$ 29,373,236</u>

TABLE 16-2**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in U.S. Dollars)**

	KGI Limited	KGI International Limited	Global Treasure Investments Limited
REVENUES			
Other operating income	\$ _____ -	\$ _____ 30	\$ _____ -
COSTS AND EXPENSES			
Total costs and expenses	_____ -	_____ -	_____ -
PROFIT FROM OPERATIONS	_____ -	_____ 30	_____ -
OTHER PROFIT (LOSSES)	_____ -	_____ -	_____ -
NON-OPERATING REVENUE AND EXPENSE	_____ -	_____ -	_____ -
NET PROFIT FOR THE YEAR	_____ -	_____ 30	_____ -
OTHER COMPREHENSIVE INCOME (LOSSES)	_____ -	_____ -	_____ -
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	\$ _____ -	\$ _____ 30	\$ _____ -

TABLE 16-3**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in U.S. Dollars)**

	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
REVENUES			
Net profit of derivative instrument - counter	\$ -	\$ -	\$ (77,561)
Other operating income	<u>526,508</u>	<u>-</u>	<u>81,659</u>
Total revenues	<u>526,508</u>	<u>-</u>	<u>4,098</u>
COSTS AND EXPENSES			
Financial costs	(454,541)	-	(1,000,634)
Other operating expense	(27,784,949)	-	-
Employee benefits	(41,531,461)	-	-
Depreciation and amortization	(6,989,170)	-	-
Other operating expenses	<u>(13,326,536)</u>	<u>-</u>	<u>(39,030)</u>
Total costs and expenses	<u>(90,086,657)</u>	<u>-</u>	<u>(1,039,664)</u>
LOSS FROM OPERATIONS	<u>(89,560,149)</u>	<u>-</u>	<u>(1,035,566)</u>
OTHER REVENUE AND EXPENSE	<u>92,353,808</u>	<u>-</u>	<u>5,611,727</u>
NON-OPERATING REVENUE AND EXPENSE	<u>92,353,808</u>	<u>-</u>	<u>5,611,727</u>
NET PROFIT FOR THE YEAR BEFORE TAX	2,793,659	-	4,576,161
TAX EXPENSE	<u>(235,209)</u>	<u>-</u>	<u>(547,938)</u>
NET PROFIT FOR THE YEAR	<u>2,558,450</u>	<u>-</u>	<u>4,028,223</u>
OTHER COMPREHENSIVE INCOME (LOSSES)	<u>-</u>	<u>-</u>	<u>(1,522,914)</u>
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	<u>\$ 2,558,450</u>	<u>\$ -</u>	<u>\$ 2,505,309</u>

6.5 Any financial distress experienced by CDF or its affiliated enterprises and impact on CDF's financial status, in the latest year up till the publication date of this annual report:

None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ 1,000

Item \ Year	2021.12.31	2020.12.31	Difference	
			Amount	%
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	216,777,094	153,033,754	63,743,340	42
Financial assets at fair value through profit or loss	554,548,173	543,495,816	11,052,357	2
Financial assets at fair value through other comprehensive income	507,374,321	712,962,077	(205,587,756)	(29)
Debt investments measured at amortized cost	1,220,278,781	1,064,332,087	155,946,694	15
Financial assets for hedging	259,267	102,479	156,788	153
Securities purchased under resell agreements	28,315,799	50,409,959	(22,094,160)	(44)
Receivables, net	130,448,138	138,547,338	(8,099,200)	(6)
Current tax assets	123,419	705,864	(582,445)	(83)
Discount and loans, net	407,601,578	408,444,192	(842,614)	0
Reinsurance assets, net	891,059	740,256	150,803	20
Investments accounted for using the equity method, net	20,227,991	15,175,924	5,052,067	33
Other financial assets	154,951,789	141,118,874	13,832,915	10
Investment property, net	35,299,898	29,953,756	5,346,142	18
Property and equipment, net	34,051,875	35,343,870	(1,291,995)	(4)
Right-of-use assets, net	12,590,590	14,049,764	(1,459,174)	(10)
Intangible assets, net	18,742,494	19,537,371	(794,877)	(4)
Deferred tax assets	14,003,281	12,399,965	1,603,316	13
Other assets, net	102,154,401	94,265,129	7,889,272	8
Total assets	3,458,639,948	3,434,618,475	24,021,473	1
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	20,953,036	11,502,768	9,450,268	82
Financial liabilities at fair value through profit or loss	57,698,157	116,142,567	(58,444,410)	(50)
Financial liabilities for hedging	73,006	641,307	(568,301)	(89)
Notes and bonds issued under repurchase agreements	101,884,810	134,864,245	(32,979,435)	(24)
Commercial paper payable, net	21,214,240	11,564,804	9,649,436	83
Payables	102,849,601	103,096,646	(247,045)	0

Item \ Year	2021.12.31	2020.12.31	Difference	
			Amount	%
Current tax liabilities	3,789,560	4,143,209	(353,649)	(9)
Deposits and remittances	483,502,457	486,707,951	(3,205,494)	(1)
Bonds payable	92,441,122	62,981,293	29,459,829	47
Other borrowings	22,557,523	25,477,711	(2,920,188)	(11)
Provisions	1,993,971,267	1,902,468,183	91,503,084	5
Other financial liabilities	171,923,171	163,252,229	8,670,942	5
Lease liabilities	4,455,216	4,454,005	1,211	0
Deferred tax liabilities	9,007,624	15,311,370	(6,303,746)	(41)
Other liabilities	79,208,406	59,384,100	19,824,306	33
Total liabilities	3,165,529,196	3,101,992,388	63,536,808	2
Equity attributable to owners of parent				
Capital	190,858,209	149,732,712	41,125,497	27
Capital surplus	36,147,480	1,627,728	34,519,752	2,121
Retained earnings	62,355,858	34,190,500	28,165,358	82
Other equity	12,490,292	18,363,815	(5,873,523)	(32)
Treasury shares	(9,071,501)	(1,178,647)	(7,892,854)	670
Non-controlling interests	330,414	129,889,979	(129,559,565)	(100)
Total equity	293,110,752	332,626,087	(39,515,335)	(12)

Analysis of changes in financial status:

1. The increase of cash and cash equivalents, due from the central bank and call loans to financial institutions was mainly due to the increase of cash in banks.
2. The decrease of financial assets at fair value through other comprehensive income was mainly due to the decrease of investments in debt instruments.
3. The increase of financial assets for hedging was mainly due to the increase of interest rate swap contracts.
4. The decrease of securities purchased under resell agreements was mainly due to fund dispatching.
5. The decrease of current tax assets was mainly due to the decrease of tax refunds receivable.
6. The increase of reinsurance assets, net was mainly due to the increase of claims recoverable from reinsurers.
7. The increase of Investments accounted for using the equity method, net was mainly due to increase of investment of Suyin KGI Consumer Finance Co., Ltd..
8. The increase of deposits from the central bank and financial institutions was mainly due to the increase call loans from financial institutions.
9. The decrease of financial liabilities at fair value through profit or loss was mainly due to the decrease of interest rate swap contracts
10. The decrease of financial liabilities for hedging was mainly due to the decrease of interest rate swap contracts.
11. The decrease of notes and bonds issued under repurchase agreements was mainly due to fund dispatching.
12. The increase of commercial paper payable, net was mainly due to fund dispatching.
13. The increase of bonds payable was mainly due to the increase of corporate bonds payable.
14. The decrease of deferred tax liabilities was mainly due to the decrease of the evaluation of financial instruments.
15. The increase of other liabilities was mainly due to the increase of amounts collected for others.
16. The increase of capital was mainly due to new shares issuing for acquisition of China Life's shares.
17. The increase of capital surplus was mainly due to the tender offer and the public acquisitions for China Life's shares.
18. The increase of retained earnings was mainly due to the increase of profit.
19. The decrease of other equity was mainly due to the decrease of unrealized gain on financial assets measured at fair value through other comprehensive income.
20. The decrease of non-controlling interests was mainly due to public acquisitions and share conversions to acquire China Life shares.
21. The increase of treasury shares was mainly due to the subsidiary KGI Securities held the Company's shares through the tender offer for China Life.

7.2 Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Interest profit, net	65,652,263	66,703,953	(1,051,690)	(2)
Noninterest profits and gains, net	126,625,907	158,120,474	(31,494,567)	(20)
Allowance for bad debts and losses on commitment and guarantees, net	(186,398)	(398,637)	212,239	(53)
Net change in reserve for insurance liabilities	(104,875,754)	(174,464,035)	69,588,281	(40)
Operating expenses	(35,016,319)	(28,013,362)	(7,002,957)	25
Net profit before income tax	52,199,699	21,948,393	30,251,306	138
Income tax expense	(5,100,224)	(1,272,107)	(3,828,117)	301
Net profit for the year	47,099,475	20,676,286	26,423,189	128
Other comprehensive income (loss) for the year	(32,944,620)	25,625,929	(58,570,549)	(229)
Total comprehensive income (loss) for the year	14,154,855	46,302,215	(32,147,360)	(69)
Analysis of changes in financial performance: 1. The decrease of noninterest profits and gains, net was mainly due to the decrease of net income from insurance operations. 2. The decrease of allowance for bad debts and losses on commitment and guarantees, net was mainly due to the decrease of loans and receivables. 3. The decrease of net change in reserve for insurance liabilities was due to the decrease of net change in reserve for insurance liabilities of China Life. 4. The increase of operating expenses was mainly due to the increase of employee benefits. 5. The increase of income tax expense was mainly due to the increase of taxable income. 6. The decrease of other comprehensive income was mainly due to the decrease of gain on debt instruments measured at fair value through other comprehensive income.				

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2020	Variance (%)
Cash Flow Ratio (%)	21.50	43.37	-50.43
Cash flow adequacy ratio (%)	32.10	32.62	-1.59
Cash Flow Content Ratio (%)	898.05	108.69	726.25
Analysis of financial ratio change: 1. The decrease of cash flow ratio was mainly due to the decrease of net cash flows from operating activities of 2021. 2. The increase of cash flow content ratio was mainly due to the decrease of net cash flows from investing activities of 2021.			

7.3.2 Improvement plan of Illiquidity

Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investment and Financing Activities	Estimated Cash Surplus (Deficit)	Remedy for cash deficits	
①	②	③	① + ② + ③	Investment Plans	Financing Plans
1,480,794	17,815,128	(16,836,810)	2,459,112	—	—
Cash flow analysis for the current year: 1. Operating activities: Net cash flow mainly generated from the dividend received from subsidiaries. 2. Investing activities: Net cash flow mainly used in the cash dividend paid.					

7.4 Major Capital Expenditure Items

None

7.5 Investment Policy in the Most Recent Year, Causes of Profit or Loss and Improvement Plans, and Investment Plans for the Coming Year

7.5.1 Investment policy in the most recent year

The Company will continue to align with the Government's strategy to help the Group to become the most distinctive and leading financial group in the Chinese region of the world, with the goal of obtaining long-term and stable investment returns as the long-term development vision of the Company.

7.5.2 Causes of profit and improvement plans

In 2021, with more and more people receiving COVID-19 vaccines, major countries resumed economic activities one after another. Taiwan's epidemic is still under control, and thanks to the global economic recovery, the continued demand for innovative technology application and digital transformation, as well as rising prices, its export performance is outstanding. After surviving the local epidemic, private consumption has gradually stabilized. In addition, manufacturers have expanded production capacity and continued the construction of green energy facilities, which has become one of the main forces contributing to economic growth. In the capital market, the strong fundamentals led to a jump in corporate profits, Taiwan stocks reached a new high, and ranked among the best in the main stock markets. At the end of 2021, the closing index rose 23.7%.

In the face of the continuous interference of the epidemic and the hidden worries about the rise of inflation, various businesses including banking, securities and private equity management still showed steady operating performance. Under the goal of improving capital use efficiency and shareholder equity compensation, CDF gradually increased its shareholding in China life through public acquisition, cash and share exchange, and officially included China Life as a 100% subsidiary of CDF on December 30, 2021. In 2021, the consolidated net profit of CDF was NT\$ 47.099 billion (including NT\$12.056 billion of non-controlling interests), the after tax earnings per share was NT\$ 2.34, and the consolidated

return on equity (ROE) was 15.1%. Compared with the consolidated net profit after tax of NT\$ 20.676 billion (including non-controlling interests of NT\$ 8.021 billion) in 2020, the annual growth rate is about 128%.

Looking forward to 2022, the global economic recovery may slow down, but the impact of the epidemic on economic activities will be smaller and smaller, and the supply chain problems that previously impacted the economy are expected to be solved slowly. However, geopolitical conflicts may bring hidden worries to the economic momentum. Although it is difficult for Taiwan's export performance to be as good as that in 2021, domestic demand is expected to become an economic locomotive, so the overall economic growth will still have a good performance. In a volatile financial situation, CDF will continue to strengthen its financial structure, improve the capital adequacy ratio, stabilize the enterprise's physique, actively grasp the market pulse, and fight against the insurance digital era and create a new situation with digital innovative thinking and stable business strategy. In terms of commercial banking, CDF will give full play to its professional management ability, pursue steady growth, promote the transformation of digital process of financial services, optimize customer user experience, establish service and brand characteristics, practice the vision of the Group, put our customers as the center, embrace the entrepreneurial spirit, and strive to become the bank most trusted and recommended by customers. In terms of venture capital / private equity, the top priority of CDF is to improve the depth and breadth of the investment team, continuously strengthen investment position management and give full play to the scale of asset management through new investment and stable operating performance, so as to create better investment returns for investors. In terms of securities, in addition to consolidating the leading position of Taiwan's securities market, CDF will also continue to strive for more regional business cooperation opportunities, and accelerate the development of on-line regional wealth management platform. The goal of CDF is to create a global financial management service leading Taiwan's peers and create a diversified and balanced business development model.

7.5.3 Investment plans for the coming year

In order to continue to strengthen the scale and strength of its operations, the Company will continuously assess the feasibility of investing in or acquiring financial related undertakings. When the case matures, the relevant decision-making process will be completed in accordance with the provisions of laws and regulations.

7.6 Evaluation of risk management practices, on a consolidated basis, for the last year up until the publication date of this annual report

7.6.1 Risk management framework and policies of the Company and its subsidiaries

A. Risk management framework

The Company has a set of defined authorities to manage risk. Its risk management organization and framework are composed of the Board of Directors, senior management, the Risk Management Committee (and its sub-committees) and three lines of defense.

First line of defense: The business/trading/operational teams are the means through which the Company generates income and where all sources of all risks arise. They represent the first line of defense to the Company's risk management efforts. These teams are bound by strict rules to conduct risk assessment prior to business engagements and follow-up tracking after business is completed.

Second line of defense: The risk management team is responsible for the planning, execution, and maintenance of the Company's risk management policies, while monitoring the effectiveness of the overall risk management system.

Third line of defense: The audit team is responsible for ensuring proper creation and compliance of the risk management system, models, and procedures.

The risk management units of the Company and its main subsidiaries are as follows:



To ensure independent and adequate management of risk, the Company has created the Risk Management Department, which is responsible for the establishment and execution of risk management systems, policies, and practices throughout CDF.

All main subsidiaries are required to establish their own risk management departments, whether in the manner stated by law or customized according to their business nature. These risk management departments are responsible for the establishment and execution of risk management systems, policies, and practices for the respective subsidiaries, depending on the characteristics of their business activities. The Company has assembled the Risk Management Committee to monitor risk exposure and ensure the proper functioning of the Group's risk management system.

B. Risk management policies

The Company has established risk management policies in accordance with global risk management practices and regulations, combining business management with risk management to solidify operations and development. The policies are guidelines for risk management at the Company and its subsidiaries.

The Company and its subsidiaries formulate risk management standards or formulate the company's risk management policies in a summary manner according to various risk sources depending on their own operation scale, business characteristics, management needs and risk attributes

In addition, the Company is concerned about the impact of emerging risks, including climate change, on financial markets and the economic environment; therefore, the Company will adjust its investment and financing policies accordingly. While aiming to maximize shareholder's equity, the Company also takes great consideration of corporate social responsibility.

7.6.2 Methods adopted by the Company and its subsidiaries for the assessment and control of risks, and disclosure of quantified risk exposures

A. General disclosure

(1) Strategies and procedures

The Company and its subsidiaries adopt different risk management procedures based on applicable regulations and their respective risk management policies and business strategies. Meanwhile, risk management meetings are held on a regular basis.

(2) Scope and features of the risk reporting and assessment system

The contents of the market risk report mainly include the overall risk value status of financial commodity positions measured at fair value, stress test, the use of risk limits for trading positions and the impact report of major financial events. The credit risk report mainly includes credit quality analysis, quota usage, portfolio evaluation, stress test and major credit event report; The operational risk report includes the critical situation of operational risk events, business type and event type distribution, case summary and description, and issues related to operational risk.

The risk factors contained in the market risk measurement system shall be sufficient to measure all market risks of trading positions, including interest rate, exchange rate, equity securities and commodity prices, as well as the volatility of options related to the above. The credit risk measurement system is developed based on business characteristics and strives to measure both qualitative and quantitative risk factors. The operational risk measurement system adopts the basic index method to measure the required operational risk capital, but has established an operational risk self-assessment (RCSA) mechanism, an operational risk event notification system and a key risk index control mechanism.

(3) Market risk avoidance or mitigation policies, and strategies and procedures undertaken for monitoring the effectiveness of risk mitigation tools

Market risk positions and their hedging and offset positions must be controlled in the authorized market risk limit specification, and the correlation and risk offset effect shall be considered through the risk manager market risk management system to measure the risk value of the trading positions of subsidiaries or the overall trading portfolio of CDF, and implement the following consistent

quantitative management mode of CDF. Credit risk reduction instruments are mainly used to increase the provision of customer collateral. In order to truly reflect the value of collateral, the market price of negotiable securities collateral with liquidity is evaluated, and other collateral is evaluated regularly by the price evaluation unit to ensure that the effect of risk reduction is within a tolerable range. In terms of credit risk avoidance, CDF has established an early warning and review tracking mechanism, and regularly detected the changes of indicators and assets, so as to facilitate the timely adoption of response or risk avoidance measures. According to the frequency and impact of operation risk events, the methods of operation risk control can be divided into four ways: risk bearing, risk avoidance, risk transfer / offset and risk control. And CDF will identify and evaluate the risks of relevant operation processes before starting new business or financial products, and plan countermeasures or put forward improvement suggestions through internal discussion; In addition, through the risk control and self-assessment system, CDF regularly conducts residual risk assessment on the control scheme of each risk project, so as to continuously ensure the effectiveness of its control scheme.

B. Approaches undertaken by subsidiaries to manage and quantify risk exposures

(1) China Life

Market risk

In addition to rigorous evaluation and careful analysis before investment, China Life plans risk avoidance to achieve effective market risk control, and establishes a value at risk model to measure and control the company's market risk. According to the asset allocation and the company's appetite for risk, a certain percentage of its capital is set as the market VaR, which is regularly monitored as a market risk limit. In addition, the Risk Management Department measures the overall sensitivity and risk values of the portfolio on a regular basis. It also conducts weekly risk reviews of products and portfolio mixes, submits risk reports, and performs routine control and over-limit processing to comply with internal and external regulations; in addition, the Risk Management Department reports to the Board and the Risk Management Committee on a regular basis.

Credit risk

China Life has incorporated fixed income commodities into its internal quantitative model to calculate its credit at risk (CaR) to measure the maximum possible loss of credit position caused by the issuer's credit rating change or default. The Risk Management Department shall regularly submit a credit risk report to the general manager and the director of the investment unit, including the expected credit loss and credit risk value, and check the concentration risk according to the sub portfolio of the issuer's region, industry and credit rating. In addition, internal ratings are given to the issuer or counter-party of the positions held, and the use of credit rating levels is managed.

Operational risk

In order to effectively identify, measure, supervise, and manage operational risks that may arise from day-to-day business activities and processes, based on the "Guidance for Insurance Industry Risk Management" and with reference to the Basel II Accord, China Life has identified seven operational risks and loss event types, which serve as the basis for risk identification and operational

risk management information. Through the interaction of the three operational risk management tools — risk control self-assessment (RCSA), construction-related risk indicators (KRI) and risk event data collection (LDC) —and with qualitative and quantitative risk identification and measurement mechanisms, China Life has established a comprehensive operational risk management database. When launching new services, developing new types of business, or laws or internal regulations that may affect the existing operating procedures may change, each business unit conducts risk assessments and designs control points in advance. Through risk identification and assessment, legality analysis, and IT system planning, China Life is able to prevent and control relevant risks effectively while continuously supervising and managing the overall operational risk.

(2) KGI Bank

Market risk

Upholding Basel II as the international standard for risk management, KGI Bank focuses on strengthening and implementing the market risk management system for financial instruments held for trading. It weighs the risk and return in order to achieve the effective use of capital and resources. KGI Bank has comprehensive and sound market risk control mechanisms in place, including a market risk management organization, market risk limits and their tiered authorization structure and process, market risk measurements, procedures for market risk management (including limit control, handling of excess limits, and exception management), market risk reporting, stress testing, reporting process and level and contingency management in case of significant changes in the financial markets, and independent verification procedures for valuation models. KGI Bank integrates risk measurement results into internal trading authorization limits, in an attempt to create a market risk management culture.

Based on each unit's market risk capital, annual budget targets, and business development plans, the Risk Management Department reports to the Board of Directors and seeks approval of market risk limits of the bank-wide trading book, including Value at Risk (VaR), limits on sensitivity (Greeks), and stop-loss limits. With such limits being the budget targets, the maximum market risk tolerance approved is used to regulate the position of the financial trading business. In terms of risk measurement, KGI Bank measures risk values and conducts stress testing using MSCI Risk Manager, a market risk management system introduced in 2009, which enables the quantitative market risk management model to be consistently applied throughout CDF. The Risk Management Department is responsible for conducting daily position limit control and risk measurement independently. The Department also reports regularly to management, the Risk Management Committee, and the Board about market risks and historical events to which KGI Bank is exposed, as well as the results of stress testing under self-designed scenarios and back testing exercises on the VaR model in order to ensure that market risks are within KGI Bank's risk tolerance.

As to the asset and liability management strategy, KGI Bank keeps track of interest rate risk in the banking book and liquidity risk analysis produced from the asset and liability management system, and adjusts the asset and liability structure and uses hedges in a timely manner so as to minimize risk; KGI Bank also makes sure that investments are made in the banking book according to the structure of assets and liabilities and the utilization of capital. To reduce the liquidity risk and interest rate risk in the banking book, the results of the asset, liability analysis, and stress testing are reported to the Asset and Liability Management Committee on a regular basis for management's decision making.

Credit risk

KGI Bank has a set of standard procedures on credit risk identification measurement, disclosure, and reporting that apply consistently throughout the bank. These procedures cover every step of the credit process, from customers' prerequisites, credit assessment, to credit approval, exceptional approval, risk monitoring, credit review, non-performing loan management, and documentation.

In order to manage concentration risk, KGI Bank assesses changes in the external environment and the bearable risks of losses, and formulates credit limits such as national risks, industrial risks, group risks, and corporate risks. In order to effectively assess the default risk of customers, KGI Bank has completed a quantitative risk assessment model for different asset characteristics as customer screening, risk pricing and quota management, and at the same time, it uses internal and external credit ratings to assess the credit users, financial counterparties and securities investment targets, so as to fully grasp their individual credit risks.

The Risk Management Department provides regular portfolio risk reports to the Business Risk Committee, the Risk Management Committee, and the Board. The reports aim to monitor changes in asset quality by tracking credit risk indicators such as portfolio risk composition, non-performing loan ratios, loan loss ratios, etc. In addition, credit risk capital assessments and stress testing are also conducted on a regular basis.

Operational risk

The operational risk management organizational structure is composed of the Board of Directors, the Risk Management Committee/Operation Risk Management Committee and three lines of defense. The first line of defense, comprised of all operating units of KGI Bank, is responsible for verifying that the daily business activities/operations are in line with KGI Bank's operational risk management and internal control regulations; the second line of defense, comprised of the Risk Management Department, is responsible for coordinating the establishment of operational risk management structures by all units of KGI Bank and implementing operational risk identification, assessment, and control processes. The third line of defense, which is handled by the Audit Division, is responsible for reviewing the establishment of operational risk management processes and checking the compliance and implementation of each process.

KGI Bank has established Operational Risk Management Guidelines and operational risk management tools related to the implementation of operational bank-wide risk identification, assessment, and control matters, on which KGI Bank conducts identification, assessment, and control of operational risks, mainly through three management tools – operational risk self-assessment, operational risk event notification, and key risk indicator control. Among them, the self-assessment of operation risk needs to quantify the degree of potential loss and the probability of occurrence of each risk factor in order to demonstrate the degree of operational risk of each unit and the completeness of the control process; operational risk events need to be categorized, according to seven event types and eight major businesses, into a loss database for statistical analysis; key risk indicators are quantified through monitoring and warning thresholds. The results are regularly reported to the KGI Bank Risk Management Committee/Operational Risk Management Committee and the parent company's Risk Management Committee.

Liquidity risk

In addition to making regular assessments and submitting reports about liquidity, KGI Bank also keeps track of changes in liquidity ratios and evaluates the stability of various funding sources to anticipate liquidity positions. These assessments help KGI Bank formulate or adjust long-term and short-term asset allocation or financing strategies accordingly.

(3) KGI Securities

Market risk

KGI Securities has implemented market risk management policies, product guidelines, and followed the company's appetite for risk to allocate market risk (economic) capital. Market risk limits have been established and are monitored on a daily basis to keep risks within controllable levels.

KGI Securities uses MSCI Risk Manager to achieve quantitative management of market risks. This system has the capability to take all of the company's positions into consideration and produces daily analyses covering anything from equity risks to interest rate risks and exchange rate risks. The calculations are used to adjust parameters for various derivative models. Meanwhile, the Risk Management Department monitors market risk limits of individual business departments on a daily basis to ensure proper management of annual risk appetite.

To ensure the credibility of predictions made, the VaR model is regularly validated by the Risk Management Department through back testing exercises. In addition, the Risk Management Department performs stress testing and scenario analyses using a variety of scenarios to determine the company's risk tolerance.

Credit risk

KGI Securities applies different credit risk assessment methods depending on the issuer's or counterparty's credit rating, the nature of the transaction, or the product type involved. Credit risk limits are set based on the company's credit risk capital, net worth, and concentration of exposure, among other factors. Counterparties' credit standing, holding positions, and collaterals are reviewed on a regular basis. Utilization of credit limits is reported regularly to the relevant departments and senior management.

The company may convert external ratings into internal ratings when evaluating the credit status of its counterparties or traded instruments. The company recognizes external ratings published by: TCRI, Taiwan Ratings, S&P, Moody, and Fitch. These ratings are converted to correspond to the Company's internal ratings of 1-9. External ratings of counterparties and securities are constantly updated, with credit limits adjusted accordingly to reflect the change in credit.

The Risk Management Department applies to the Board for credit risk capital on a yearly basis. In addition to setting limits on expected losses for the entire company, individual grades, and individual subsidiaries, the company sets limits on counter-parties' pre-settlement risks (PSR) and concentration in terms of country, industry, single counter-party, single group, high-risk industries, and high-risk groups. Through daily monitoring of credit risk exposures and changes in counter-party/security risks, the Company is able to maintain control over the use of credit limits and hence manage credit risks of KGI Securities.

Liquidity risk

The liquidity risk of KGI Securities is divided into two categories: Market liquidity risk and capital liquidity risk. Market liquidity risk is measured by the market trading volume of the positions held by the company as the basis for information disclosure. An independent fund dispatching unit has been established for fund liquidity risk management to comprehensively consider the net cash flow of the fund needs of each department and carry out fund management in a timely manner, so as to effectively control the fund liquidity risk of the company.

Operational and other risks

Operational risk refers to the risk of direct or indirect losses caused by internal operation, personnel and systems, or external events. According to the risk characteristics of each operation, KGI

Securities operation risk management sets control points and check points respectively in each internal control system, and regularly carries out self-assessment of internal control mechanism (ICSA), so as to ensure the integrity and effectiveness of each operation procedure and control focus. In addition, the Company has established a notification mechanism for abnormal events, and conducted internal process inspection and response for internal and external major operational risk events, so as to improve the effectiveness of various control measures, so as to reduce the probability and severity of operational risks.

Each unit of KGI Securities shall implement operational risk management according to its business responsibilities, including authorization, process and operation content related to operational risk management. All planning shall follow the principles of separation of front and back operations, independent management and authority. Operational risk control includes information security, information maintenance, clearing and settlement, transaction confirmation, statement preparation, division of personnel rights and responsibilities or division of labor, control and internal control of related party transactions, etc.

Each unit is responsible for the inspection and control of operational risks for its business. In addition to following external laws and regulations, the audit department shall control and manage according to the operating procedures and control priorities regulated by the internal control system, so as to ensure the effectiveness of the implementation of operational risk management.

When an abnormal event occurs, all units shall report it to the risk management department and the audit unit in accordance with the notification mechanism of the "operating measures for notification and handling of abnormal events" of KGI Securities. The risk management department shall handle the prosecution of the causes of operational risk and improve the response. The audit department shall report the abnormal event to the chairman of the board of directors and the Audit Office of the parent company CDF according to the necessity of the abnormal event, so as to effectively manage the operational risk loss event. If any major risk event is found in the process of business execution by each unit of KGI Securities, it shall be handled in accordance with the relevant provisions of the "key points for notification of major risk events" of the parent company CDF and the Company's "operating measures for notification and handling procedures of abnormal events". The risk management unit shall also review whether the major risk event is notified in time.

KGI Securities has obtained the relevant qualification of using the sensitivity analysis (delta plus) method under the advanced calculation method of self owned capital adequacy ratio of securities firms. In order to calculate the financial commodity evaluation model required for capital adequacy ratio and other statutory ratios, KGI Securities has implemented the use model management operation.

KGI Securities regularly detects operational risks. The detection items shall include capital adequacy, asset quality, management ability, profitability, liquidity, source of profit, foreign exposure, investment position, off balance sheet items and major customer complaints or disputes of financial institutions. Each "detection index and warning value" shall be measured by the calculation unit according to the inspection video rate, and the measurement results and their increase, decrease and change data shall be sent to the risk management department for monitoring, storage and check.

(4) CDIB Capital Group.

Investment business risk

In order to improve control over business risks and comply with the regulations issued by the competent authority, CDIB Capital Group has established Guidelines for Business Risk Control

and related measures to manage the company's business risks. It has set relevant risk limitations for its investment business: single company, single-affiliated company, single industry, individual overseas country, and mainland China. Through daily and monthly control reports, CDIB Capital Group (and its 100% subsidiaries) regularly review its investment portfolio and ensure that all indicators of risk limitation of its principal investment business, such as single enterprise, single group, single country, single industry, and high-risk industries, all comply with regulations and internal guidelines.

Portfolio risk of externally raised funds

In order to actively develop the fundraising and management business of equity funds (including venture capital and private equity funds), CDIB Capital Group has formulated the Equity Fund Raising and Management Policy. The Policy sets compliance guidelines for fundraising and managing activities in an effort to further increase recurring income, reduce earnings volatility, and manage the risk of its VC/PE portfolios.

Regarding the control and management of funds raised externally, the investment balances of funds such as CDIB Capital Creative Industries, CDIB Capital Healthcare Ventures, CDIB Private Equity (Fujian) Enterprise, CDIB Yida Private Equity (Kunshan) Enterprise, Alibaba Taiwan Entrepreneurs Fund, CDIB Capital Innovation Accelerator, CDIB Capital Growth Partners, CDIB Capital Asia Partners, CDIB Capital Global Opportunities Fund, CDIB Yida Healthcare Private Equity Enterprise, and CDIB Capital Healthcare Ventures II, are regularly reviewed for compliance with the respective fund contracts, which have specific limitations for single stock investment, existing stock investment, investment phases, invested industries, and invested regions.

Operational risk

CDIB Capital Group follows Operational Risk Management Guidelines and policies to manage operational risks. The risk management system enables segregation, independence, and accountability of employees' duties, while making sure that audit trails can be verified in a feasible manner.

Operational risks are managed primarily through three tools, including the RCSA system, the event reporting system, and the risk indicator control system. The RCSA system requires quantification of expected losses and probability of occurrence for every risk factor; the operational event reporting system requires calculation of financial as well as non-financial losses; whereas the risk indicator system also uses quantified information to monitor and activate alerts.

CDIB Capital Group has been executing internal controls and audits in compliance with the authority's demands, and is constantly improving its operation to minimize operational risks.

Liquidity risk

CDIB Capital has formulated a Capital Utilization Policy to strengthen its financial dispatch, effectively control capital allocation, improve the efficiency of capital utilization, and reduce related operational risks. In the case of an overall stable market, in addition to liquidity risk monitoring, related management measures, and the need to maintain daily operations, the capital dispatch unit shall pay attention to cash flow changes and report to the Finance Department of CDF, so that the parent company can gain the overview of the Group's capital status. The operation management unit shall submit relevant reports for review by the CFO and CEO. In addition, through indicators of financial structure control and capital utilization liquidity risk control, relevant monitoring is conducted to properly maintain the liquidity of CDIB Capital.

7.6.3 Financial impacts and responsive measures in the event of changes in local and foreign regulations

1. Amendment to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies (promulgated on February 26, 2021)

If a subsidiary subsequently starts insurance trust business, it shall handle it in accordance with the types of insurance trust payment, operating procedures and other matters to be followed prescribed by the Trust Association of Republic of China.

2. Amendment to the Corporate Governance Best Practice Principles for Financial Holding Companies (promulgated on March 2, 2021)

After reviewing the internal regulations of the Company, there is no need to cooperate with the amendment, and it will be handled in accordance with the provisions of the Criteria.

3. Amendment to the Sample Template for XXX Co., Ltd. Remuneration Committee Charter (promulgated on September 23, 2021)

This amendment is mainly aimed at the internal control and audit system of the banking industry, so there is no need to amend the internal regulations of the Company. KGI Bank, a subsidiary, will examine whether its relevant internal specifications need to be amended.

4. Amendment to the Regulations Governing Scope, Reporting Procedures, and other Compliance Matters of Material Contingencies to be Reported by Financial Institutions (promulgated on December 29, 2020)

This amendment not only allows the Company to sell shares to the public but also allows it to convene the shareholders' meeting by video. In case of similar force majeure such as the epidemic in the future. If the Company fails to amend the Articles of Association immediately and the shareholders' meeting cannot be convened by video, it will affect the operation of the Company and the relevant rights and interests of shareholders. Therefore, the flexible supporting measures are added in this amendment.

The Company will assess whether to amend the relevant provisions of the Articles of Association of the Company after the subsequent revision of the "Criteria Governing Handling of Stock Affairs by Public Stock Companies" and the "Measures for Matters to be Recorded and Observed in the Proceedings Manual of Shareholders' Meetings of Public Stock Companies".

7.6.4 Financial impacts and responsive measures in the event of technological or industrial changes

1. Continuing to deepen the digital transformation of the Group's subsidiaries

In response to the digital transformation of the financial industry and the long-term five-year strategic development (2021-2025), CDF puts forward five strategies for ABCDE in the future, including accelerate digital, become employee of choice, customer focus, drive growth and execution excellence. Among them, the strategy of Accelerate Digital is CDF'S main focus. The Group's subsidiaries listed

the strategy of Accelerate Digital as a priority action plan in 2021, built a digital platform with mobile device experience as the priority, and aligned with strategic partners to build an ecosystem. Among them, China Life promoted "digital China Life" as the focus of digital transformation, which was officially approved by the FSC in 2021. China Life pioneered Smile to Sign and applied face recognition technology in the insurance process. In addition, China Life has built a mobile intelligent robot for the business team to inform the business of the dynamic information about the insured through big data, so that the business can provide more personalized services to customers and help new business people get started faster. In order to provide customers with more convenient account opening experience and diversified commodity wealth management needs, KGI Securities upgraded the online account opening platform "Quick e-Open", provided 3-in-1 account opening services for the public, and helped investors complete online applications for securities, re-entrustment and wealth management accounts at one time. In recent years, with the decline of physical banks, KGI Bank has accelerated its digital transformation, continued to expand the API service "KGI insides", and cooperated with a number of third-party operators to carry out API serial connection. When checking out, consumers can make payment and transfer directly on the page without jumping to the bank website. At the same time, KGI Bank has also introduced "robot process automation" (RPA) to improve the service process and operation efficiency.

2. Adopting Microsoft cloud solutions to helps CDF accelerate its digital transformation

In response to accelerating the digital transformation, CDF developed cloud solutions in cooperation Microsoft, and strengthened the basic Cloud Architecture of CDF. Through Microsoft cloud technology, CDF's website will be integrated into the public cloud platform and develop more new financial services. On the premise of security protection of customer personal data and compliance with asset security regulations, Microsoft cloud platform assists the subsidiaries of CDF to establish private cloud and integrate the data of CDF's subsidiaries. In addition, Microsoft provides solutions and related applications, which can help CDF quickly integrate customer opinions, launch products and services that are more in line with market needs in combination with ecosystem partner resources, provide consumers with a more complete user experience, and effectively combine digital technology with CDF's business model.

3. Commitment to align the portfolio to achieve net zero carbon targets in 2045

In response to the global commitment to carbon reduction, CDF promises to align the portfolio to achieve net zero carbon targets in 2045, which is the first company in Taiwan that promises to achieve net zero carbon emissions in 2045. In addition, through investment and financing, CDF also establishes negotiation goals and set coverage rate with enterprises every year to encourage enterprises to jointly achieve carbon reduction goals. CDF also carries out industry university cooperation, introduces international standard evaluation methods, evaluates the climate risk impact of the investment position, and promises that the future investment portfolio of CDF will be consistent with the Paris agreement to achieve the goal of sustainable investment. CDF is expected to achieve its own net zero carbon emission in 2030, significantly increase the proportion of green credit and green investment, and actively invest in the development of sustainability-linked loan (SLL). At present, the balance of

investment in the development of CDF's green industry is about NT\$ 110 billion, of which China Life responded to the government's green finance action plan 2.0 and invested NT\$ 1.5 billion in green bonds issued by TSMC and Ørsted. In terms of green financial instruments, CDF cooperates with the government to promote energy transformation, support the research of green energy industry, and promote green energy industries such as solar energy and wind power generation. CDF also practiced energy conservation and carbon reduction. In 2021, it moved into a new building built based on the concept of sustainability. The new building has achieved seven indicators, including greening capacity, base water conservation, daily energy conservation, carbon dioxide reduction, indoor environment, water resources and sewage and waste improvement, and won the "gold LEED certification". As a sustainable financial leader, CDF believes that it will align the portfolio and achieve net zero carbon targets in 2045.

7.6.5 Impacts and responsive measures in the event of change in corporate image of the financial holding company and subsidiaries

The Company adopts a robust internal control system as well as the use of spokesperson and acting spokesperson. Upon discovery of any media coverage that does not conform to the underlying truth and is likely to compromise the image of the Company or its subsidiaries, the Company will take the initiative to explain it on the official website of CDF, and choose to take the initiative to issue a statement to the main media or take the initiative to issue a statement of major information depending on the degree of influence. If necessary, the Company will apply to the exchange for holding a press conference, and after the press conference, the Company will input the relevant data into the public information observation station system according to the regulations.

7.6.6 Expected benefits, risks and responsive measures of planned mergers or acquisitions

Expected benefits include: business diversity, comprehensive service to customers, exposure to broader markets and opportunities, cost reduction through scaled economy, full integration of resources, and improved competitiveness.

Mergers/acquisitions may be prone to a number of risks such as high costs, inaccurate financial information, different M&A practices and laws adopted in other parts of the world, obstacles in business integrations, and inability to realize the expected benefits. Responsive measures that can be taken to minimize risks and increase yields from an M&A project include: active control over price range, extensive research to the financial status of the acquired, understanding of local commercial practices and laws, and execution of necessary reforms, training and reorganization after the merger/acquisition is completed.

7.6.7 Risks and responsive measures associated with concentration of business activities

As a diversified financial holding company with business units across life insurance, commercial banking, securities, and venture capital/private equity, and each with their own business models, risks associated with individual subsidiaries within the Company's portfolio are offset or diversified in terms

of product category, target, region, and period. Having this business structure will help counter the impacts of a global recession and escalatory risks of particular segments. In addition, to stay up to date on the Company's appetite for risk, the Company has set quota caps to limit engagement in each country, sector, industry, and client, and implements a stop-loss control process across products to further address business concentration risks.

7.6.8 Impacts, risks, and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 1% ownership interest

The Company's shares are held by a diverse group of shareholders. No single shareholder owns any significant percentage of the Company, therefore no transfer of shareholding by any director or major shareholder with more than 1% ownership interest would result in any significant change in shareholding structure, and neither would the transaction pose any immediate impact or risk to the Company.

7.6.9 Impacts, risks and responsive measures associated with a change of management

The Company's management is fairly stable and is not prone to any significant changes.

7.6.10 Litigious and Non-Litigious Matters:

List major litigious, non-litigious or administrative disputes that involve TUC's and affiliated companies' Director, Supervisor, the General Manager, de facto person in charge, any substantial shareholder of more than 1%, whose cases have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of TUC's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of commencement of litigation, the main parties involved in the dispute, and the status of the dispute up to the date of publication of the annual report: No items listed above has taken place in recent years, and thus not applicable.

◎ KGI Bank

On December 19, 2012, China Trust Commercial Bank and Shanghai Commercial & Savings Bank (collectively referred to as the "Plaintiffs") claimed that the third mortgage (the "Disputed Mortgage") that Prince Motor Co., Ltd. ("Prince Motor") and Prince Investments Ltd. ("Prince Investments") had placed upon Dunnan Prince Building (the "Disputed Property," which was jointly owned by Prince Motor and Prince Investments) in September 2007, to secure a payment obligation of up to NT\$ 1,950,000,000 in favor of KGI Bank, was made without consideration and therefore an act detrimental to the other creditors. The Plaintiffs requested to revoke the Disputed Mortgage and remove the registration thereof. Given the fact that the Disputed Property was already entrusted to United Real Estate Management Co., Ltd. ("URMC") in January 2008, the Plaintiffs further demanded to have KGI

Bank return NT\$ 1,786,318,000 received from the disposal of the Disputed Property back to URM. On February 14, 2014, Taipei District Court ruled to revoke the Disputed Mortgage and that KGI Bank was liable to pay NT\$ 1,786,318,000 to URM. Upon KGI Bank's appeal, the ruling was overturned by Taiwan High Court on July 26, 2017 (i.e. KGI won the case on all counts). The Plaintiffs later appealed to the Supreme Court which reversed and remanded the case to the High Court for a new trial on October 31, 2018. On August 17, 2021, the High Court further decided that the part of the judgment of the original Taipei District Court the act of setting up the mortgage concerning the revocation was still maintained, and the part of the claim for subrogation of the Plaintiffs that was delivered to URM as a collateral for the disputed real estate was rejected. KGI Bank made a third instance appeal to the High Court against its defeated portion (i.e. the act of revocation of the pledge), and the Plaintiffs have lodged a statement of appeal to the High Court against its defeated portion (i.e. the subrogation request for payment to URM).

◎ **KGI Securities**

On September 24, 2002, investor Huang brought certificates of 11,000,000 shares of Jen-Hsin Securities Co., Ltd. ("JHSC") to JHSC's stock affairs department in an attempt to have them transferred to a third party; but because of incomplete documentation, the transfer could not be completed and the share certificates were placed under temporary custody of the stock affairs department. These share certificates were later taken away by JHSC's Vice President Yang. JHSC applied to court for an injunction on November 6, 2002 ordering Yang to surrender the shares. The application turned into litigation as Yang repudiated. After acquiring JHSC, KGI Securities assumed the case and notified Huang to join the litigation. On August 29, 2003, Taipei District Court ruled against KGI Securities (referred to as "Initial Decision" below), which KGI Securities accepted without appeal. Huang was dissatisfied with the decision and filed a lawsuit in July 2004 against Yang and KGI Securities (as joint defendants) in an attempt to revert the Initial Decision and recover the misappropriated share certificates or NT\$ 90,379,000 plus statutory interest should the defendants fail to return the share certificates. On March 24, 2006, Taipei District Court ruled in favor of KGI Securities, which Huang disagreed and appealed to the decision. This case was remanded by the Supreme Court and was reviewed by Taiwan High Court. In the meantime, Huang changed claims to have KGI Securities pay a sum of NT\$ 90,379,000 plus interest accruing from July 22, 2004 to September 21, 2009, on the basis that the Initial Decision was final and KGI Securities could no longer recover shares from Yang. Alternatively, Huang claimed for 2,000,000 shares of JHSC and a sum of NT\$ 73,946,000 plus statutory interest was made against Yang and KGI Securities. The case was again remanded to Taiwan High Court for the sixth time, and on May 21, 2019, the Court ruled that KGI Securities should pay NT\$90,379,000 to Huang while Huang assigns the rights of claims for returning possession and damages in tort against Yang to KGI Securities owing to losing possession of JHSC's stocks and simultaneously dismissed Huang's remaining appeals. Then, KGI Securities has filed an appeal against the sixth-time decision of Taiwan High Court to the Supreme Court. The Supreme Court overturned the judgement in the seventh trial and remanded the case to Taiwan High Court for retrial. The case is currently before the High Court.

◎ **CDIB Capital Management Corporation ("CCM", previous name: CDIB Private Equity Corporation)**

On November 12, 2013, CCM (previously known as "CDIB Private Equity Corp.") received a brief of complaint from Securities and Futures Investors Protection Center (SFIPC), claiming that Powercom

Co., Ltd. ("PCM") had misstated or omitted information in financial statements dated between 2009 first quarter and 2011 third quarter as a result of negligence by CCM's director representatives at PCM (two director representatives were appointed during this time). SFIPC then held CCM jointly responsible for PCM's release of false financial information that resulted in investors' losses, and thus made a claim of NT\$ 592,648,000 plus statutory interest against CCM, PCM and the two directors. The New Taipei District Court ruled against part of CCM's claims, i.e., CCM and the appointed director representatives jointly pay NT\$31,010,000 with the interest calculated at 5 % per annum from November 13, 2013 to the date of payback. Therefore, CCM has filed an appeal against the decision of New Taipei District Court, and the appeal is currently before the High Court.

7.6.11 Other key risks and responsive measures

In response to escalating cyber security risks, the Company voluntarily joined the Financial Information Sharing and Analysis Center (F-ISAC) in 2018 to improve internal data security protections through the sharing and assessment of information security threat intelligence. Through the adoption of relevant procedures for handling material information, employees and supervisors periodically receive reminders about the appropriate disclosure of material information as required by law, in addition to relevant legal information.

For more detailed information, please refer to 5.7.3 Emergency backup and security measures.

7.7 Risk Management and Response Mechanism

In addition to the Procedures for Critical Contingency Response formulated in accordance with relevant regulations, the Company has adopted Directions for Critical Disaster Response in order to maintain business continuity. The Company also supervises each subsidiary to establish safety maintenance and disaster-related operation specifications to serve as a basis for crisis management.

KGI Bank has developed Operational Crisis Response Procedures and Emergency Response Procedural Guidelines, and has established an operational crisis response team and an emergency response team to handle crises and emergencies, respectively. KGI Bank conducts annual training drills on various disaster emergency scenarios and related operational risks to the company. The company's goals are to ensure continued business operations, to minimize any potential losses to the bank and its clients, and to affect a rapid return to normalcy in the wake of an emergency event.

As for KGI Securities, its Disaster Recovery Action Plan stipulates that all operations establish their own disaster and safety emergency management and recovery task forces and procedures that aim to protect employees and local residents, safeguard corporate assets, and support a return to normal operations in a timely manner. In the event of natural and man-made disasters, members of said task forces will be called promptly to take action.

China Life has formulated "Business Crisis Response Measures", "Business Continuity Management Policy", "Management Measures of Business Continuity Management System " and "Response Measures and Procedures of Major Contingency", set up a Contingency Response Team, and conducts disaster or crisis drills every year to avoid internal and external intentional or accidental threats and reduce the possibility and impact of business interruption, so as to ensure the rights and interests of the Company's customers, employees and key businesses.

CDIB Capital Group has established Guidelines for Handling Natural or Accidental Incidents. The Operations and Corporate Services Dept. is in charge of coordinating with all internal departments on the implementation of safety maintenance. In addition to keeping abreast of changes in disaster

circumstances, it also keeps in close contact with the local police precinct. These precautionary liaison measures ensure a swift, specific response to a crisis or disaster.

7.8 Other Major Events

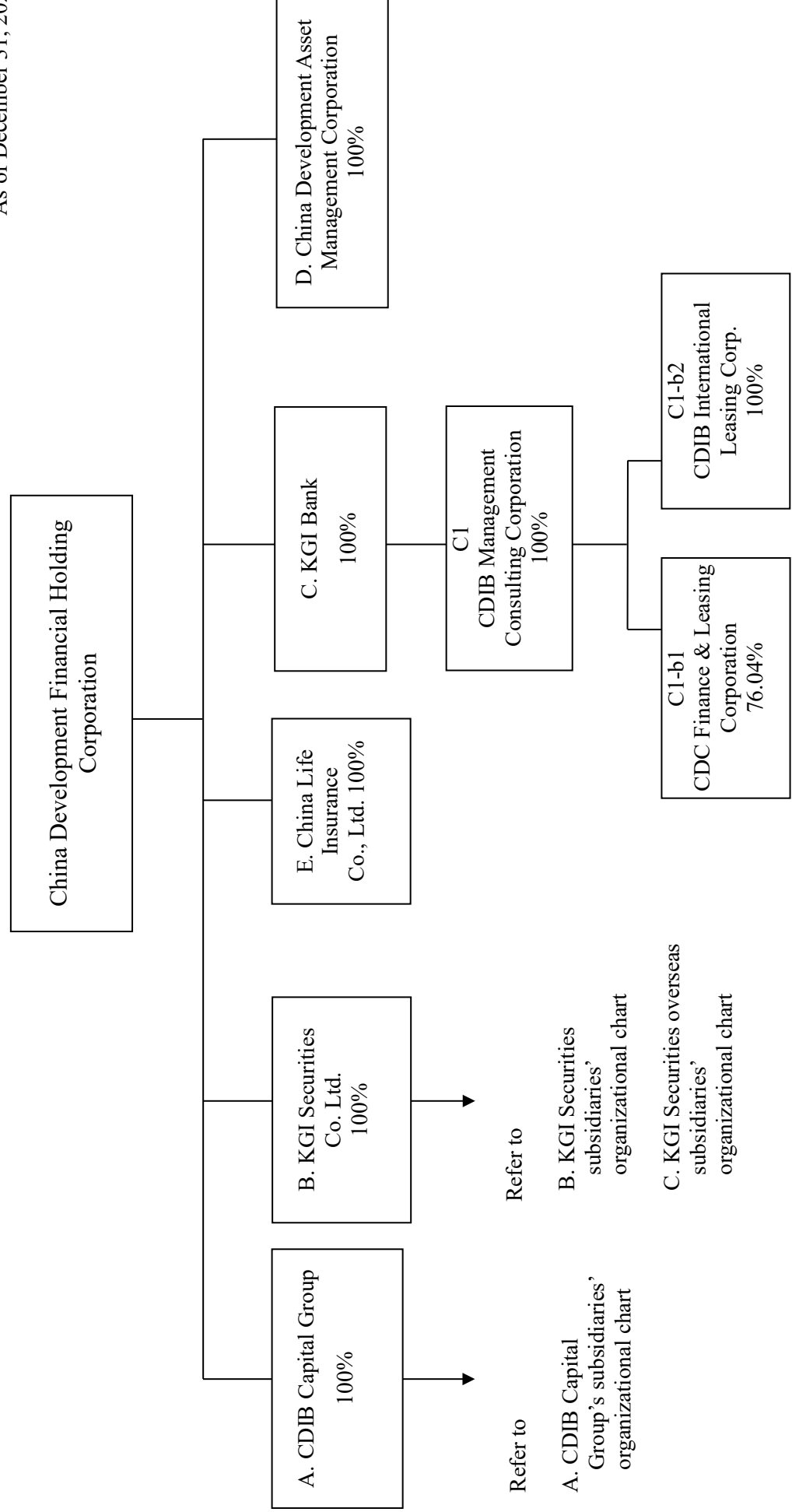
None

VIII.Special Disclosure

8.1 Summary of Affiliated Companies

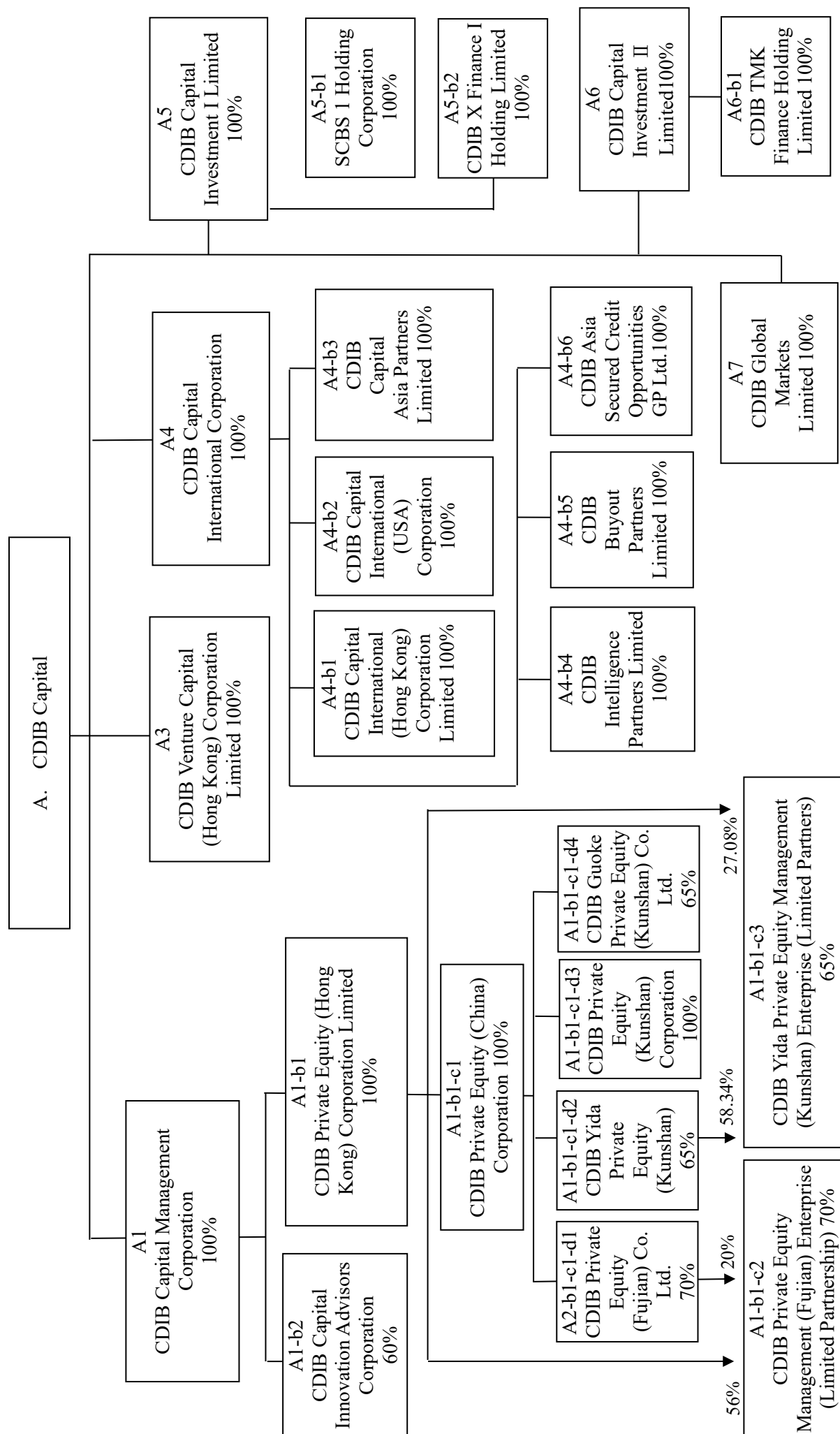
8.1.1 Organizational Chart

As of December 31, 2021

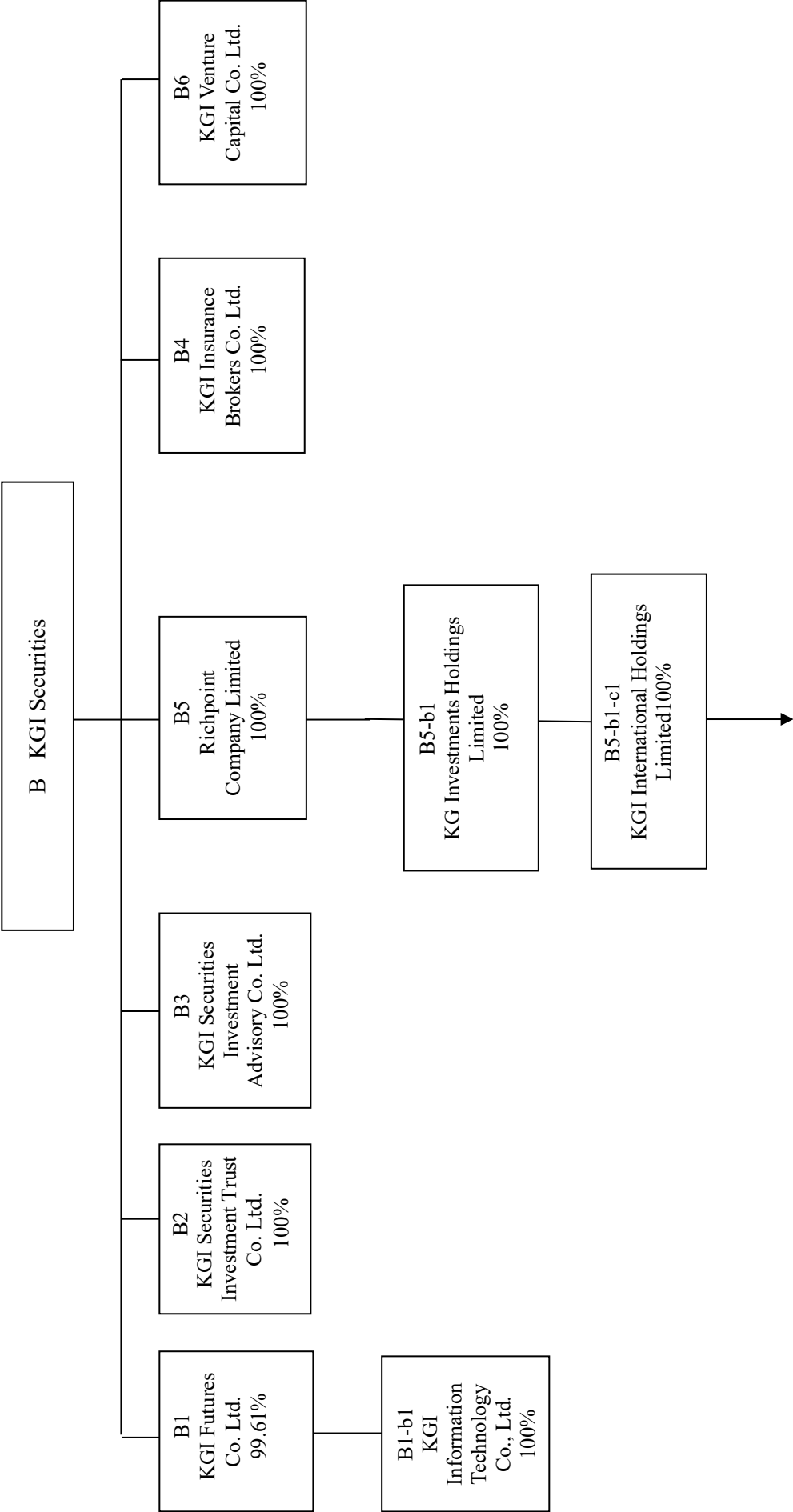


A. CDIB Capital subsidiaries' organizational chart

December 31, 2021

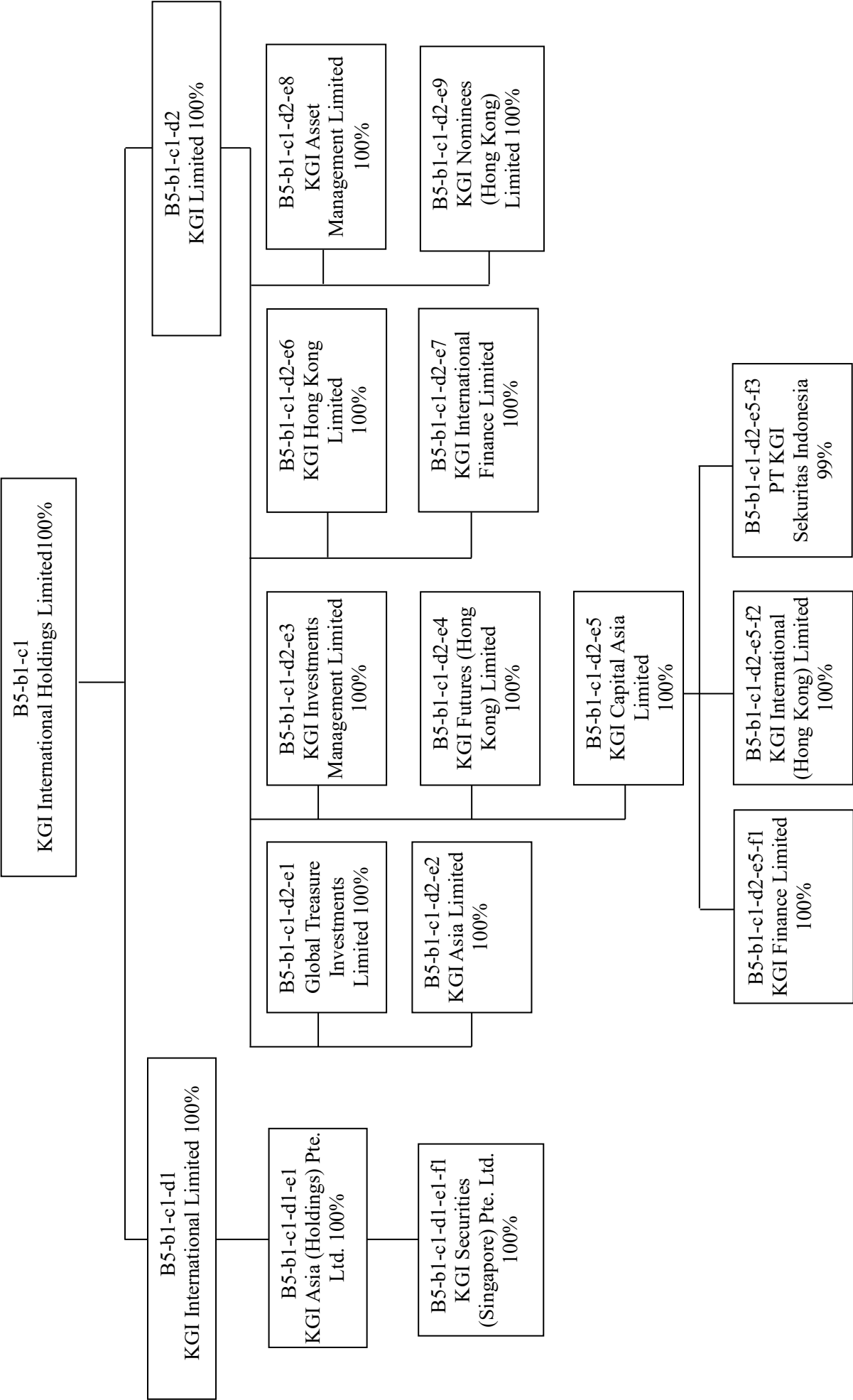


B. KGI Securities subsidiaries' organizational chart



Go to next page

C. KGI Securities overseas subsidiaries' organizational chart



8.1.2 Backgrounds of affiliated enterprises

◎ China Development Financial Holding Corporation

December 31, 2021

Unit : NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A	CDIB Capital Group	1959.05.14	12 & 18F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	20,411,159	Venture Capital	
B	KGI Securities	1988.09.14	No. 700, Mingshui Rd., Taipei City, Taiwan	32,995,978	Financial Services	
C	KGI Bank	1992.01.14	9, 10 & 11F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	46,061,623	Commercial Bank	
D	China Development Asset Management	2003.11.05	8F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	1,133,600	Financial Institution Creditor's Right(Money) Purchase & Management	
E	China Life Insurance	1963.04.25	3, 4, 5,6 & 7F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	49,206,531	Life Insurance	

◎ CDIB Capital Group

December 31, 2021

Unit : NT\$1,000/US\$1,000/HKD\$1,000 /RMB\$1,000 (When otherwise stated)

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A1	CDIB Capital Management Corporation	2001.01.03	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	230,939	Management Consulting	
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	2014.01.29	Hong Kong	HKD 51,900	Management Consulting	
A1-b1-c1	CDIB Private Equity (China) Corporation	2012.01.16	Shanghai, China	USD 7,000	Management Consulting	
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	2013.05.31	Fujian Province, China	RMB 10,000	Fund Management	
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co. Ltd.	2014.07.04	Kunshan, China	RMB 7,000	Fund Management	
A1-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	2021.09.28	Kunshan, China	RMB 3,000	Fund Management	
A1-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co. Ltd.	2021.8.31	Kunshan, China	RMB 10,000	Fund Management	
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	2013.07.05	Fujian Province, China	RMB 12,000	Fund Management	

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A1-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	2014.11.03	Kunshan, China	RMB 12,000	Fund Management	
A1-b2	CDIB Innovation Advisors Corporation Limited	2015.12.10	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	20,000	Management Consulting	
A2	CDIB Venture Capital Corporation	2002.03.05	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	4,762,134	Venture Capital	
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	2011.02.22	Hong Kong	HKD 925,000	Venture Capital	
A4	CDIB Capital International Corporation	2009.05.11	Cayman Islands	USD 4,700	Private Equity Advisory Services	
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	2009.06.15	Hong Kong	HKD 15,400	Private Equity Advisory Services	
A4-b2	CDIB Capital International (USA) Corporation	1997.07.14	New York, USA	USD 0.8	Private Equity Advisory Services	
A4-b3	CDIB Capital Asia Partners Limited	2014.03.21	Cayman Islands	USD 0.1	Private Equity Advisory Services	
A4-b4	CDIB Intelligence Partners Limited	2020.2.28	Cayman Islands	USD 0.0	Private Equity Advisory Services	
A4-b5	CDIB Buyout Partners Limited	2020.11.10	Cayman Islands	USD 0.0001	Private Equity Advisory Services	
A4-b6	CDIB Asia Secured Credit Opportunities GP Limited	2021.9.9	Cayman Islands	USD 0.0001	Private Equity Advisory Services	
A5	CDIB Capital Investment I Limited	1996.12.27	British Virgin Islands	USD 132,800	Investment	
A5-b1	SCBS 1 Holding Corporation	2019.03.25	Delaware, USA	USD 0.00358	Investment Holding	
A5-b2	CDIB X Finance I Holding Limited	2020.9.2	Cayman Islands	USD 5.5	Investment Holding	
A6	CDIB Capital Investment II Limited	2002.09.03	British Virgin Islands	USD 45,000	Investment	
A6-b1	CDIB TMK Finance Holding Limited	2021.6.15	Cayman Islands	USD 19.18253	Investment	
A7	CDIB Global Markets Limited	1999.07.06	British Virgin Islands	USD 85,282	Investment	

◎ **KGI Securities**

December 31, 2021

Unit : NT\$1,000/US\$1,000/HKD\$1,000 /SGD\$1,000 (When otherwise stated)

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
B1	KGI Futures Co. Ltd.	1993.12.08	F6, F12-13, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	1,685,564	Future
B1-b1	KGI Information Technology Co., Ltd.	2015.11.12	F12, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	50,000	Management Consulting, Software Design, Data Processing and Digital Information Supply Services
B2	KGI Securities Investment Trust Co. Ltd.	2001.04.19	No. 698, Mingshui Rd., Taipei City, Taiwan	300,000	Securities Investment Trust, Discretionary Investment Business
B3	KGI Securities Investment Advisory Co. Ltd.	1996.12.19	1F, No. 700, Mingshui Rd., Taipei City, Taiwan	50,000	Securities Investment Advisory, Discretionary Investment Business
B4	KGI Insurance Brokers Co. Ltd.	2003.03.13	7F, No. 700, Mingshui Rd., Taipei City, Taiwan	5,000	Life / Property Insurance Brokerage
B5	Richpoint Company Limited	1996.10.18	British Virgin Islands	USD 92,872	Holding Company
B5-b1	KG Investments Holdings Limited	1996.11.05	Cayman Islands	USD 156,864	Holding Company
B5-b1-c1	KGI International Holdings Limited	2000.04.20	Cayman Islands	USD 209,248	Holding Company
B5-b1-c1-d1	KGI International Limited	1997.03.24	British Virgin Islands	USD 81,512	Holding Company
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	1997.09.25	Singapore	USD 75,749	Holding Company
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	2015.01.30	Singapore	SGD 137,528	Securities
B5-b1-c1-d2	KGI Limited	1997.03.24	British Virgin Islands	USD 389,239	Holding Company
B5-b1-c1-d2-e1	Global Treasure Investments Limited	1999.04.12	Hong Kong	HKD 0.002	Investment
B5-b1-c1-d2-e2	KGI Asia Limited	1996.10.01	Hong Kong	USD 95,000	Securities
B5-b1-c1-d2-e3	KGI Investments Management Limited	1986.03.04	Hong Kong	HKD 41,931	Insurance Brokerage
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	1996.12.27	Hong Kong	USD 45,000	Future Brokerage, Clearing & Settlement
B5-b1-c1-d2-e5	KGI Capital Asia Limited	1993.06.23	Hong Kong	USD 207,963	Securities

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
B5-b1-c1-d2-e5-f1	KGI Finance Limited	1996.10.01	Hong Kong	USD 42,914	Investment & Financing
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	1997.02.21	Hong Kong	USD 190,000	Derivative
B5-b1-c1-d2-e5-f3	PT KGI Sekuritas Indonesia	2016.08.31	Indonesia	IDR 100,000,000	Securities
B5-b1-c1-d2-e6	KGI Hong Kong Limited	1996.10.01	Hong Kong	USD 15	Management Consulting
B5-b1-c1-d2-e7	KGI International Finance Limited	2000.08.30	Hong Kong	USD 10,000	Investment & Financing
B5-b1-c1-d2-e8	KGI Asset Management Limited	2014.12.22	Hong Kong	HKD 12,840	Asset Management
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	1994.07.19	Hong Kong	HKD 0.003	Trust
B6	KGI Venture Capital Co. Ltd.	2012.11.26	6F, No. 700, Mingshui Rd., Taipei City, Taiwan	700,000	Venture Capital

◎ **KGI Bank**

December 31, 2021
Unit : NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
C1	CDIB Management Consulting Corporation	2011.7.22	3F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	1,531,719	Management Consulting
C1-b1	CDC Finance & Leasing Corporation	1996.05.01	5-6F, No. 224, Sec.3, Nanjing E. Rd., Taipei City, Taiwan	767,048	Leasing
C1-b2	CDIB International Leasing Corp.	2012.03.27	Kunshan, China	USD 30,000	Leasing

8.1.3 Common Shareholders among Controlling and Controlled Entities

None

8.1.4 Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report. Unit: shares;

◎ **China Development Financial Holding**

December 31, 2021

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A	CDIB Capital Group	Director / CDF Independent Director President	Angelo J.Y.Koo Lionel de Saint-Exupéry Shan-Jung Yu Melanie Nan Jamie Huang Paul Yang Shaio-Tung Chang William Ho Tyzz-Jiun Duh Jui-Te Yu Yin Jeng William Ho	2,041,115,913	100
B	KGI Securities	Director / CDF Independent Director President(proxy)	Daw-Yi Hsu Falco Mi Howe Yong Lee Fortune Ju Jen-Hai Wang James Tai Wen-Yeu Wang Kai-Chieh Chia Wei-Chang Fang	3,436,339,736	100
C	KGI Bank	Director / CDF Independent Director President	Mark Wei Amy Tsao Richard Chang Julian Yen Lee-Rong Wang Tien-Cheng Lee Fu-Yung Chen Amy Tsao	4,606,162,291	100
D	China Development Asset Management Corporation	Director / CDF Supervisor / CDF President	Tien-Sung Lee Long-I Liao Kiki Shih Marisol Wang Cheng-Hung Lin	113,360,000	100
E	China Life Insurance	Director / CDF Director / Tai li investment Independent Director President	Saloon Tham Stefano Paolo Bertamini Shan-Jung Yu Stephanie Hwang Tony T. M. Hsu Johnson F.H.Huang Cheng Hsien,Tsai Da-Bai Shen Ming-Jung Lai Stephanie Hwang	4,920,653,131	100

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A1	CDIB Management Consulting Corporation	Director / CDIB Capital Group Supervisor / CDIB Capital Group President	Sherie Chiu William Ho Melanie Nan Richard Chang Julian Yen Daw-Yi Hsu Lawrence Liu Frances Tsai Cathy Han William Ho	23,093,889	100
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	Director	Melanie Nan Sherie Chiu Kathy Young Frances Tsai Su-Chen Chi	51,900,000	100
A1-b1-c1	CDIB Private Equity (China) Corporation	Director / CDIB Private Equity (Hong Kong) Supervisor / CDIB Private Equity (Hong Kong) President	William Ho Sherie Chiu Melanie Nan James Ho Jonathan Chiang Yen Lu William Wang Marisol Wang Melanie Nan	None	100
A2-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	Director Supervisor President	Jonathan Chiang Ching-Yen Tsai William Ho Hsu-Hui Huang Zuo Wang Julian Yen Daniel Tsou	None	70 30
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co. Ltd.	Director Supervisor President	James Ho William Ho Melanie Nan Wen-Lu Ying Chin-Po Yu Julian Yen Yen Lu	None	65 35
A2-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	Director / CDIB Private Equity (China) Corporation Supervisor / CDIB Private Equity (China) Corporation President	Melanie Nan Sherie Chiu William Ho James Ho Jonathan Chiang Yen Lu William Wang Marisol Wang Melanie Nan	None	100
A2-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co. Ltd.	Director	Melanie Nan Yen Lu Daniel Tsou Jiaqi Li	None	65 35

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
		Supervisor President	Ya Zhu William Wang Zhen Huang Yen Lu		
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	None	None	None	70 (Comprehensive shareholding ratio)
A2-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	None	None	None	65 (Comprehensive shareholding ratio)
A1-b2	CDIB Innovation Advisors Corporation Limited	Director / CDIB Capital Management Corporation	Sherie Chiu Melanie Nan William Ho	1,200,000	60
		Director /Meet Digital Innovation Co., Ltd. Supervisor	Hung-Tze Jan Katie Chen Eddy Chang	800,000	40
		President	Ryan Kuo	0	0
A2	CDIB Venture Capital Corporation	Director / CDIB Capital Group	Sherie Chiu Eddy Chang William Ho Frances Tsai Su-Chen Chi	476,213,353	100
		Supervisor / CDIB Capital Group President	Marisol Wang William Ho		
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	Director	Frances Tsai Eddy Chang William Ho	925,000,000	100
A4	CDIB Capital International Corporation	Director President	Angelo J.Y.Koo Sherie Chiu Melanie Nan Frances Tsai Su-Chen Chi Howe Yong Lee Lionel de Saint-Exupery Lionel de Saint-Exupery	4,700,000	100
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	Director	Angelo J.Y.Koo Sherie Chiu Melanie Nan Frances Tsai Su-Chen Chi Hamilton Tang Lionel de Saint-Exupery	15,400,000	100
A4-b2	CDIB Capital International (USA) Corporation	Director	Melanie Nan Christy Lin Joe Hung Lisa Guo Pietro Cinquegrana Lionel de Saint Exupery	8,000,000	100
A4-b3	CDIB Capital Asia Partners Limited	Director	Sherie Chiu Melanie Nan Su-Chen Chi Lionel de Saint-Exuper	100	100

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A4-b4	CDIB Intelligence Partners Limited	Director	Melanie Nan Gary Fung Lionel de Saint-Exupéry	1	100
A4-b5	CDIB Buyout Partners Limited	Director	William Ho Melanie Nan Alex Ying	1	100
A4-b6	CDIB Asia Secured Credit Opportunities GP Limited	Director	Melanie Nan Tor Lee Trivers Lionel de Saint-Exupéry	1	100
A5	CDIB Capital Investment I Limited	Director	Sherie Chiu Melanie Nan Frances Tsai Christy Lin Lionel de Saint Exupery	132,800,000	100
A5-b1	SCBS 1 Holding Corporation	Director	Grant Chuan Lin Siyuan Zheng	3,578	100
A5-b2	CDIB X Finance I Holding Limited	Director	Amy Shan Phoebe Teng	5,500	100
A6	CDIB Capital Investment II Limited	Director	Sherie Chiu Melanie Nan Frances Tsai Christy Lin Lionel de Saint-Exupery	45,000,000	100
A6-b1	CDIB TMK Finance Holding Limited	Director	Amy Shan Phoebe Teng Cindy Hou	19,182.53	100
A7	CDIB Global Markets Limited	Director	Christy Lin Lisa Guo Frances Tsai Lionel de Saint-Exupery	339,392	100

Note : All representatives do not have any personal shareholding.

© **KGI Securities**

December 31, 2021

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B1	KGI Futures Co. Ltd.	Director: KGI Securities Supervisor President	Falco Mi James Chen Shao-Ching Hung Steve Wang Yen-Chun Lin James Chen	167,898,665	99.61
B1-b1	KGI Information Technology Co., Ltd.	Director / KGI Futures Co. Ltd. Supervisor President	James Chen Yin-Ting Huang Yen-Chun Lin Jill Liu James Chen	5,000,000	100
B2	KGI Securities Investment Trust Co. Ltd.	Director Supervisor President	Albert Ding Ann Chang Jennifer Jiang Mei-Hui Huang Ann Chang	30,000,000	100

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B3	KGI Securities Investment Advisory Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	Yen-Min Chu Steven Liao Alan Chang Chang-Ti Liu Yen-Min Chu	5,000,000	100
B4	KGI Insurance Brokers Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	Frank Yang Kuan-Yu Chen Yen-Chun Lin Kuei-Ling Lee Kuan-Yu Chen	500,000	100
B5	Richpoint Company Limited	Director	Daw-Yi Hsu Albert Ding Shao-Ching Hung	92,872,376	100
B5-b1	KG Investments Holdings Limited	Director	Daw-Yi Hsu Wong Hoe Choon Reddy	156,864,163	100
B5-b1-c1	KGI International Holdings Limited	Director	Jenny Huang Wong Hoe Choon Reddy William Fang	209,248,261	100
B5-b1-c1-d1	KGI International Limited	Director	Wong Hoe Choon Reddy Teo Cheng Hoe Jenny Huang William Fang	81,511,716	100
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	Director	Wong Hoe Choon Reddy Ooi Bee Leng William Fang Ong Seng Ken Yang Te-Hui	75,749,305	100
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd	Director	Falco Mi Wong Hoe Choon Reddy Julian Yen Ong Seng Ken Lee Howe Yong Wang Shuoshi Yang Te-Hui	137,527,908	100
B5-b1-c1-d2	KGI Limited	Director	Jenny Huang Wong Hoe Choon Reddy Lin Patrick C	389,239,174	100
B5-b1-c1-d2-e1	Global Treasure Investments Limited	Director	Wong Hoe Choon Reddy	2	100
B5-b1-c1-d2-e3	KGI Asia Limited	Director	Chu Kuan Hsun Jenny Huang Wong Hoe Choon Reddy Lin Patrick C Lee Mei Ching Alva Chan Hin Geung Mark Zhao Josie Xi	95,000,000	100
B5-b1-c1-d2-e3	KGI Investments Management Limited	Director	Chan Hin Geung Mark Chu Kuan Hsun Wong Hoe Choon Reddy Jenny Huang Lee Mei Ching Alva	41,930,600	100

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	Director	Chu Kuan Hsun Lee Man Sik Falco Mi Wong Hoe Choon Reddy Lee Siu Lun	45,000,000	100
B5-b1-c1-d2-e5	KGI Capital Asia Limited	Director	Jenny Huang Lee Siu Lun Wong Hoe Choon Reddy	207,962,769	100
B5-b1-c1-d2-e5-f1	KGI Finance Limited	Director	Jenny Huang Wong Hoe Choon Reddy Chan Hin Geung Mark	42,913,985	100
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	Director	Jenny Huang Wong Hoe Choon Reddy Lin Patrick C FUNG Chi Yu	190,000,000	100
B5-b1-c1-d2-e5-f3	PT. KGI Sekuritas Indonesia	Director Supervisor	Antony Kristanto Robby Winindo Low Chung Kiat Albert Ding Steve Wang Hery Adriawan Zainal	99,000	99
B5-b1-c1-d2-e6	KGI Hong Kong Limited	Director	Jenny Huang Wong Hoe Choon Reddy Chen Michael Hsin Yang Lee Howe Yong Ng Karen	15,000	100
B5-b1-c1-d2-e7	KGI International Finance Limited	Director	Jenny Huang Wong Hoe Choon Reddy Choi Hoi Chung Jason	10,000,000	100
B5-b1-c1-d2-e8	KGI Asset Management Limited	Director	Chan Hin Geung Mark Wong Hoe Choon Reddy Julian Yen Chu Kuan Hsun Lee Mei Ching Alva	64,200	100
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	Director	Chu Kuan Hsun Wong Hoe Choon Reddy Chan Hin Geung Mark	3	100
B6	KGI Venture Capital Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	Jocelyn Huang Steve Wang Yen-Chun Lin Jill Liu Chun-Che Chen	70,000,000	100

◎ **KGI Bank**

December 31, 2021

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
C1	CDIB Management Consulting Corporation	Director / KGI Bank Supervisor / KGI Bank	Amy Tsao Andy Lin Wen-Yan Hsu Kiki Shih	153,171,873	100

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
C1-b1	CDC Finance & Leasing Corporation	Director / CDIB Management Consulting Corporation	J.M. Meng	58,328,460	76.04
			Andy Lin		
			Janet Sheng		
			Chris Sun		
			Terry Yang	0	0
		Director Director / Pacific Resource Co. Ltd. Supervisor	Stanley Liu	17,179,987	22.40
			Jack Hung		
				0	
			Sandra Yao	0	
			Wen-Yan Hsu		
		President	Andy Lin		
C1-b2	CDIB International Leasing Corp.	Director / CDIB Management Consulting Corporation Supervisor / CDIB Management Consulting Corporation	Qian Lee Hua Andy Lin Wen-Yan Hsu Kiki Shih	none	100

8.1.5 Performance of affiliated enterprises:

◎ China Development Financial Holding Corporation

Date : December 31, 2021

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A	CDIB Capital Group	20,411,159	37,826,048	2,641,094	35,184,954	2,081,762	178,190	9,901,042	4.85
B	KGI Securities Co., Ltd.	32,995,978	283,607,288	212,284,428	71,322,860	23,147,701	9,187,474	12,933,208	3.66
C	KGI Bank	46,061,623	713,658,244	647,578,454	66,079,790	11,310,307*	11,310,307*	4,137,768	0.90
D	China Development Asset Management Corporation	1,133,600	1,820,187	392,109	1,428,078	105,088	18,257	67,678	0.60
E	China Life Insurance Co., Ltd.	49,206,531	2,306,043,499	2,129,033,787	177,009,712	300,244,299	31,375,088	28,540,238	5.80

Note*:It is "Net revenue".

◎ CDIB Capital Group

Date : December 31, 2021

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A1	CDIB Capital Management Corporation	230,939	866,297	382,635	483,662	244,188	(1,255)	20,602	0.89
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	184,297	329,616	651	328,965	(7,716)	(8,389)	(8,247)	-
A1-b1-c1	CDIB Private Equity (China) Corporation	198,362	1,630,666	1,361,441	269,225	18,495	(8,276)	(6,727)	-
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	43,463	133,323	36,555	96,768	47,591	6,906	7,977	-

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co., Ltd.	30,424	143,550	56,388	87,162	41,424	(20,287)	(14,403)	-
A1-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	13,039	12,042	1,072	10,970	0	(2,574)	(2,068)	-
A1-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	43,463	43,500	254	43,246	0	(259)	(217)	-
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	52,156	46,991	349	46,642	(2,321)	(2,864)	(2,437)	-
A1-b1-c3	CPEC Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	52,156	52,641	266	52,375	1,697	1,376	1,384	-
A1-b2	CDIB Capital Innovation Advisors Corporation	20,000	35,040	11,696	23,344	30,714	2,232	1,798	0.90
A2	CDIB Venture Capital Corporation	4,762,134	6,067,415	544,721	5,522,694	1,452,351	1,378,677	1,256,115	2.64
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	3,284,675	3,237,269	562	3,236,707	20,980	19,956	52,237	-
A4	CDIB Capital International Corporation	130,143	896,060	726,180	169,880	1,041,942	(84,179)	(84,554)	-
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	54,685	266,916	108,987	157,929	318,109	31,524	28,658	-
A4-b2	CDIB Capital International (USA) Corporation	22	125,251	38,864	86,387	90,901	7,506	5,156	-
A4-b3	CDIB Capital Asia Partners Limited	3	874	296	578	11	(552)	(552)	-
A4-b4	CDIB Intelligence Partners Limited (Note1)	0	0	0	0	0	0	0	-
A4-b5	CDIB Buyout Partners Limited (Note2)	0	70	630	(560)	0	(567)	(567)	-
A4-b6	CDIB Asia Secured Credit Opportunities GP Ltd. (Note3)	0	75	480	(405)	0	(410)	(410)	-
A5	CDIB Capital Investment I Limited	3,677,232	7,700,786	204,890	7,495,896	1,074,658	677,184	827,006	-
A5-b1	SCBS I Holding Corporation	0	75,523	1,580	73,943	(6,154)	(8,422)	(8,492)	-
A5-b2	CDIB X Finance I Holding Limited	152	149,576	225	149,351	0	(12,662)	(1,511)	-
A6	CDIB Capital Investment II Limited	1,246,050	1,569,100	3,005	1,566,095	(24,313)	(83,774)	(91,359)	-
A6-b1	CDIB TMK Finance Holding Limited	531	542,715	15,096	527,619	(12,190)	(28,207)	(3,586)	-
A7	CDIB Global Markets Limited	2,361,449	5,485,933	719,492	4,766,441	125,914	(634,519)	(633,409)	-

Note 1: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2021.

Note 2: CDIB Buyout Partners Limited conducted registration establishment on November 10, 2020, however, CDIB Buyout Partners

Limited had not invested any capital as of December 31, 2021.

Note 3: CDIB Asia Secured Credit Opportunities GP Ltd. conducted registration establishment on September 9, 2021, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2021.

◎ **KGI Securities**

Date : December 31, 2021

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B1	KGI Futures Co., Ltd.	1,685,564	37,924,369	34,014,429	3,909,940	2,427,820	114,656	584,397	3.47
B1-b1	KGI Information Technology Co., Ltd.	5,000	5,977	1,406	4,571	0	(545)	(429)	(0.14)
B2	KGI Securities Investment Trust Co., Ltd.	300,000	728,842	147,798	581,044	723,051	180,116	143,516	4.78
B3	KGI Securities Investment Advisory Co., Ltd.	50,000	126,005	86,891	39,114	182,029	(24,190)	(18,953)	(3.79)
B4	KGI Insurance Brokers Co., Ltd.	5,000	176,145	104,312	71,833	388,638	77,082	61,833	123.67
B5	Richpoint Company Limited	2,571,636	16,192,434	2,024,748	14,167,686	(2,971)	(11,308)	1,178,331	—
B5-b1	KG Investments Holdings Limited	4,343,569	15,788,291	153,441	15,634,850	46	(99)	1,173,187	—
B5-b1-c1	KGI International Holdings Limited	5,794,084	22,297,095	6,535,485	15,761,610	18,961	(23,758)	1,173,286	—
B5-b1-c1-d1	KGI International Limited	2,257,059	1,942,505	39	1,942,466	1	1	1	—
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	2,097,498	4,685,160	2,636,167	2,048,993	113	(28,675)	111,541	—
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	2,813,821	26,053,317	23,741,616	2,311,701	1,121,481	(70,292)	(6,826)	—
B5-b1-c1-d2	KGI Limited	10,778,033	12,551,662	0	12,551,662	0	0	0	—
B5-b1-c1-d2-e1	Global Treasure Investments Limited	0	0	0	0	0	0	0	—
B5-b1-c1-d2-e2	KGI Asia Limited	2,630,550	40,195,865	31,175,377	9,020,488	2,386,381	2,127,684	297,091	—
B5-b1-c1-d2-e3	KGI Investments Management Limited	148,896	38,063	364	37,699	98,960	98,910	(14,020)	—
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	1,246,050	4,797,866	2,685,382	2,112,484	143,459	131,202	1,995	—
B5-b1-c1-d2-e5	KGI Capital Asia Limited	5,758,489	5,792,142	5	5,792,137	640	281	(4,963)	—
B5-b1-c1-d2-e5-f1	KGI Finance Limited	1,188,288	867,121	4,284	862,837	409	406	(85,249)	—
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	5,261,100	32,381,951	26,161,649	6,220,302	860,467	742,154	344,950	—
B5-b1-c1-d2-e5-f3	PT KGI Sekuritas Indonesia	190,000	1,432,324	1,083,377	348,947	174,924	29,571	68,366	—
B5-b1-c1-d2-e6	KGI Hong Kong Limited	415	1,180,537	1,379,665	(199,128)	14,579	(2,479,921)	70,843	—

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B5-b1-c1-d2-e7	KGI International Finance Limited	276,900	367,531	4,619	362,912	(4,985)	(8,343)	(3,948)	—
B5-b1-c1-d2-e8	KGI Asset Management Limited	45,596	43,626	0	43,626	2,471	2,471	(1,446)	—
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	0	0	0	0	0	0	0	—
B6	KGI Venture Capital Co., Ltd.	700,000	1,196,860	64,405	1,132,455	426,349	409,858	367,283	5.25

◎ **KGI Bank**

December 31, 2021

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
C1	CDIB Management Consulting Corporation	1,531,719	916,057	5,934	910,123	45,631	44,282	44,573	0.29
C1-b1	CDC Finance & Leasing Corp.	767,048	6,409,072	5,537,410	871,662	313,553	47,520	50,477	0.66
C1-b2	CDIB International Leasing Corp.	816,016	122,759	1,112	121,647	569	5,169	7,247	-

8.2 Any private placement of securities in the recent years up to the publication of this annual report

None

8.3 The shares in the Financial Holding Company held or disposed of by subsidiaries in the recent years up to the publication of this annual report

Shareholding Ratio of the Company	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Pledged by the Subsidiary
KGI Securities	32,995,978	—	100%	2021	340,713,669 common shares NT\$5,962,489 thousand 310,901,223 preferred shares NT\$3,109,012 thousand (Note)	—	—	340,713,669 common shares NT\$5,962,489 thousand 310,901,223 preferred shares NT\$3,109,012 thousand	—
				As of the date of publication of this report	—	—	—	340,713,669 common shares NT\$5,962,489 thousand 310,901,223 preferred shares NT\$3,109,012 thousand	—
China Life	49,206,531	—	100%	2021	—	—	362,812,259 shares NT\$3,765,786 thousand	—	—
				As of the date of publication of this report	—	—	—	—	—

Note: On October 1, 2021, CDF adopted the resolution of the shareholders' meeting and applied to the competent authority for approval, and then conducted the conversion of shares and issuance of new shares with the China Life. On December 30, 2021, the share conversion benchmark date, CDF changed NT\$11.50, 0.80 ordinary shares and 0.73 preferred shares with 1 share of China Life.

8.4 Other important supplementary information

8.4.1 Events having occurred in the previous year or up to the date of publication of this annual report, which significantly affect shareholders' equity or price of shares pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act

None



中華開發金控

CHINA DEVELOPMENT FINANCIAL

<https://www.cdfholding.com/en/>

Tel: +886 2 2763 8800

