三商美邦人壽保險股份有限公司
Mercuries Life Insurance Co., Ltd.

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2023 Annual Report

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Kaohsiung Branch Company	2F, No. 258, Minghua 1st Rd., Zuoying Dist., Kaohsiung	(07)550-6789

Stock Transfer Agency

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Address: 3F, No. 236, Sec. 4, Xinyi Rd., Taipei City
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Tel.: (02)2326-8818

CPAs Assigned for the Financial Statements in the Most Recent Fiscal Year

Names of CPAs: Chen, Chun-Kuang and Hsieh, Chiu-Hua
Name of accounting firm: KPMG
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Website: http://home.kpmg/tw
Tel.: (02)8101-6666

Name of the Offshore Stock Exchange and Method for Accessing Information on Offshore Securities: None.

Company Website: http://www.mli.com.tw

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I. Letters to Shareholders

I. Operating results of the previous year

(I) Implementation results of the business plan for the previous year

In 2023, the global economic environment was gradually recovered from multiple setbacks, such as interest rate cycle, geopolitics and energy crisis. However, the overall progress was slow, accompanied with many uncertain risks. According to the global economic forecast released by the IMF, the economic growth of the global GDP will reach 3.1% in 2024, and it is still lower than the historical average level of 3.8%. Despite the sluggish economic outlook, the IMF believes that the possibility of achieving a soft landing in the economy is increasing, and the timing of interest rate cuts is approaching. It reminds countries not to relax their concentration.

The profit performance of the domestic life insurance companies declined significantly due to the profound impact of fluctuations in the stock, bond, and foreign exchange markets and the soaring hedging costs. Additionally, with the convergence of International Financial Reporting Standards 17(IFRS17) and the approaching schedule for the new risk solvency indicators of ICS, life insurance companies involved respond to the reform cautiously, while the competent authority also pays close attention and continually stabilize the financial market through each monitoring indicator and policy measure; Mercuries Life Insurance mainly promotes the sales of protection and investment-linked products by adhering to the core principles of dedication to operation and stable growth. While acquiring stable income from handling charges and lowering risks related to interest rates, the Company also attaches importance to the essence of insurance protection and strive to satisfy customer requirements wholeheartedly. In 2023, the new business premium income reached NT$ 33.365 billion, presenting a growth rate of 12.71% on year-on-year basis compared with last year and ranking the 8th place given the negative growth of the overall market. The total premium income reached NT$ 113.617 billion, ranking 7th place accumulatively.

(II) Implementation status of the budget: None.

(III) Analysis of financial revenue and expenditure, and profitability

At the end of 2023, the total assets of the Company amounted to NT$ 1.52 trillion, the owner’s equity was NT$ 39.941 billion, the operating income was NT$ 123.273 billion, the net loss after tax of the current period was NT$ 9.516 billion, the comprehensive income was NT$ 6.041 billion, and the earnings per share was NT$-2.11.

The hedging cost remained at a high level mainly due to the persistently high Twain-US interest margin, and the exchange rate of TWD against USD substantially increased at the end of the year to affect the exchange profit or loss. As a result, the profit margins were compressed under the dual pressure. Although the performance of equity assets was relatively favorable due to the rise of the domestic and foreign stock markets, the overall negative factors still outperformed the positive factors, making the annual gains and losses of the Company not ideal in the year. The Company continually endeavored to implement each capital enhancement plan. In response to the fluctuations in the market environment, the Company will dynamically adjust and establish effective positions, improve the allocation of assets and liabilities and risk management, to pursue the reduction of risk of investment fluctuation, increase stable income, and finally aim to improve profitability and net worth.

(IV) Research and development

1. Product development:

   According to the corporate development strategy, the Company mainly emphasized the development of protection and investment-linked products. In 2023, the Company finished the development of products like principal-guaranteed lifetime insurance against injury, elderly cancer term insurance, and interest-sensitive protection life insurance. In the future, we will continue our existing commodity product strategy, and give play to the protection essence of life insurance, provide differential products, and make up for the gap of the demand in each stage with the coming of a aging society and the rise of the public health awareness. In compliance with the regulations of the competent authority, the Company will develop products with high contract value and high contractual service margins and improve the product lines in each channel.

2. Customer service:

   To comply with the digital wave, the Company actively improved customer experience and operational efficiency and dedicates to providing a more convenient, friendly and responsive service environment. It consecutively launched Insurtech services such as “Life conservation/Claim Consortium Blockchain”, “Claim Medical Access”, and “Diversified Identity Authentication”. Also, the Company updated the functions of the 0800 customer service line system, optimized the dedicated section for members on its website, and conducted customer satisfaction survey through a third-party market survey company, to improve the service gap of each contact; in the future, we will continue its efforts

to improve, implement the principle of treating customers fairly, strengthen the service quality, and try to surpass customer expectations regarding four indicators, i.e., convenience, accuracy, promptness, and satisfaction..

3. Channel development:

   We continued the channel strategy of giving priority to agency channel and supplementing with bancassurance and diversified channels. The Company continued to implement an organizational reserve plan, thus practically cultivating the market competitiveness and organizational development capacity of field colleagues. At the same time, through education and training in each region and a series of finance and insurance courses, the Company coached colleagues to obtain professional certificates and enhanced the professional functions of channels for protection and investment-linked products. Besides, the Company also actively applied digital technology tools to optimize the dedicated section for agents, thus effectively improving the work convenience of colleagues. In the future, we will continue to invest resources to strengthen the ability of business units to increase the headcount and sales capacity and improve their professional sales skills, thus creating a high-quality agency team.

4. Financial management:

   The Company continued to optimize its finance, enrich the capital, and create operational space for profitability from investment. In 2023, the Company completed a total capital increase of approximately NT$ 5.025 billion in cash, and the private placement strategic investor plan was also under progress, aiming to reinforce the financial structure. Any plans beneficial to the capital reinforcement of the Company would be evaluated. We will pay close attention to the market trends, implement cautious operations, and adjust asset allocation flexibly, in the hope that the capital ratio and the risk based capital ratio(RBC) will reach the statutory standards of the competent authority, and profitability may be realized.

5. IT management:

   The Company continually developed and built core systems (Pilot Program) according to the planned timeline, gradually completed milestones in each stage, and realized seamless integration of new and old systems, to provide faster and more stable system services and enhance the Company’s competitiveness; in response to the trend of digital transformation, we planned data development strategies and talent cultivation plans to conduct status analysis in terms of organization, policies/procedures, tools, talents, performance measurement, and

data culture, and put forward relevant development direction, to gradually promote digital optimization and improve overall efficiency.

6. Compliance and risk control:

   The Company actively emphasized regulation compliance and risk management, periodically identified and managed each risk indicator, and completed Business Continuity Management (BCM). At the same time, it also strengthened the automatic management system for legal changes to improve the timeliness and effectiveness of response to legal changes, and further optimized system functions for stakeholders, as well as reinforced the control of the stakeholder database. We will continually monitor the compliance of each operational business with laws and regulations, and implement risk management, to benefit the corporate sustainable management.

7. Corporate sustainability:

   The Company has adhered to the tenet of corporate sustainable development, strengthened information disclosure, and improved the corporate governance for many years. It has published sustainability reports for 11 consecutive years, with contents covering sustainability version, sustainable governance, responsibility and inclusive finance, environmental influence, and other important chapters. Also, the Company has obtained assurance from third-party agencies by following multiple international standards, thus improving the credibility of data. Additionally, to practice sustainable strategic management, the President served as the convener to establish a sustainable development team. This team is responsible for tracking and executing the corporate sustainable development business and reporting it to the Board of Directors periodically in terms of environment, society, and corporate governance. The Company promotes the corporate culture of ethical management every year through the evaluation of the performance of the Board of Directors and each functional committee, the review of implementation status of corporate governance, and implementation of the functionality of the Corporate Governance and Nomination Committee.

II. Overview of the business plan for the current year

(I) Operating policies for the current year

In 2024, the Company will continually emphasize on the five major strategic priorities, i.e., “sound finance, expertized channel, digital transformation, highlighted brand, win customers”. As for finance, we will mainly strengthen the finance, enrich

our capital, and lower the risk of investment fluctuation; increase stable income; continually increase the income from mortality gains and loading surplus; steadily align with International Financial Reporting Standards 17(IFRS17) and ICS new risk solvency indicators. As for channel, we will improve the product lines and provide differentiated products; optimize the digital service tools used by agents; increase agency manpower capable of creating corporate value. As for digital transformation, we will continually introduce technological applications to improve the overall internal work efficiency and steadily convert the application systems. As for brand, we will continually define the Company as an expert in protection and investment-linked products. As for customer service, we will give efforts in developing retired customers, implementing the principle of treating customers fairly, and improving customer satisfaction. In addition, the Company has also included financial sustainable development in the strategic priorities and will continually deal with issues concerned by the competent authority like corporate governance, responsible investment, climate risk management, and Net-Zero Transition, promote talent sustainable actions, and cultivate digital talents, striving to accomplish each goal.

(II) Business objective for the current year

The business objective of the Company for the year 2024 has been prudently determined as total premium income of NT$ 103.64 billion in consideration of the business growth in the previous years, and through the measurement of each related factor and the prediction of business development trends in the future.

(III) Important production and sales policies

In order to smoothly keep path with IFRS 17 and ICS, the Company actively prepared each alignment operation. By strengthening the financial constitution, enriching the capital, lowering the risk of investment fluctuation, and increasing stable income, the Company strived to improve its profits and net worth. Also, we continually promoted the sales of protection and investment-linked products, provided differentiated products, and strengthened the competitiveness of products while increasing income from sources like mortality gains and loading surplus.

III. Impact of external competitive environment, regulatory environment, and overall business environment

(I) External competitive environment

In 2023, the premium income of the life insurance industry declined significantly, mainly due to the impact of global economic fluctuations as well as the reform of laws

and regulations regarding investment-linked products. As a result, the sales momentum of the two main products (investment-linked products and interest-sensitive products) became weak, and the agency manpower was also impacted. However, the performance of protection products showed remarkable growth against the trend. In addition to the rise of the health awareness in recent years to lead to the gradual increase of needs for healthcare and disease prevention, life insurance companies have successively transformed their product strategies to protection products with high contractual service margins in response to the preparation for adoption of the new accounting standard. In consideration of the changes in the general environment, the Company will continue the existing product strategies, value customers' needs, expand the development of retired customers, invest resources in multiple aspects including products, operation process, and services, strengthen the ability of agency team to increase the headcount and sales capacity, and apply digital technology tools to assist the development of the agency team in 2024. Hopefully, with the collective efforts from the internal and field colleagues, the Company will manage to bring convenient, warm, and professional services to the customers.

(II) Regulatory environment

In 2023, the competent authority attached importance to the strengthening of consumer protection and enhanced the supervision over life insurance products, e.g., inclusion of "stable surplus adjustment items" to the interest rate declaration mechanism of interest-sensitive products, reform of laws and regulations on investment-linked products, spot check of design contents of with-profits policies, etc.; additionally, in order to assist each enterprise in keeping path with the new accounting standard, the competent authority already successively released localized and transitional measures in 2023, in the hope that relevant pressure could be relieved and the new accounting standard could be smoothly adopted. Furthermore, the competent authority also further emphasized financial sustainable development, published "Roadmap to Align with IFRS Sustainability Disclosure Standards", continually organized "Financial Sustainability Appraisal" and expand the scope of appraisal objects, planned to launch "Sustainable Finance License", and continually dedicated to the sustainable development of the finance and insurance industry, in the hope that a positive impact could be leveraged. The Company will actively and prudently cope with the changes in the regulatory environment, adhere to the spirit of regulatory compliance, and adjust its operational strategies in a real-time way according to the

policy direction indicated by the competent authority, to implement corporate sustainable management.

(III) Overall business environment

In 2023, the global economic environment gradually recovered. Despite numerous risks and challenges ahead, many countries demonstrated their mighty resilience by firmly resisting inflation and coordinating monetary policies with financial policies. The development of AI technology industry also contributed to the improvement of productivity, reducing the probability of global economic recession. The economic signal indicators of Taiwan shifted back to yellow-blue light in November 2023, and both the leading indicator and the coincident indicator increased, showing the gradual recovery of Taiwan's economy. Changes of the economic situation will be closely followed up later. The council/supervisor meeting of the central bank of Taiwan passed a resolution at the end of December to increase the rediscount rate to 1.85%, maintaining a tight monetary policy stance. Although the inflation rates of Taiwan gradually decreased compared with the previous year, its economic recovery might be indirectly affected by many risks in the face of the global economy. Therefore, the maintenance of the policy interest rates would benefit the stable development of economy and finance as a whole. Looking into the year 2024, international organizations generally predict a slowdown in global economic growth and eased inflation pressure. The Company will continually and closely observe the international financial trends and respond to them prudently.

IV. Future development strategies of the Company

Looking forward to the future, Mercuries Life Insurance Co., Ltd. will continue to focus on its life insurance business and extend the long-term operation principle of "Focus on Operation and Steady Growth", profoundly develop the five strategic priorities of "sound finance, expertized channel, digital transformation, highlighted brand and win customers", give play to the expertise in risk management of life insurance, provide policyholders with protection needs and services in each life stage with more diversified approaches, and concentrate on the quality improvement of finance, channels, digital technology, marketing, and customer service, to realize stable growth and sustainable management in each aspect of the Company.

Chairman Wong, Chau-Shi

II. Company Profile

I. Date of Incorporation

June 12, 1993

II. Company Profile

The Company was approved for incorporation on June 12, 1993. Formerly known as "Mercuries Life", the Company is mainly engaged in life insurance business with Mercuries & Associates Holding, Ltd. (formerly known as Mercuries & Associates, Ltd., and renamed in 2015, hereinafter referred to as "Mercuries & Associates Holding") as its major shareholder. In 2001, the Company was strategically allied with MassMutual and renamed as "Mercuries Life Insurance". Mercuries & Associates Holding, the major shareholder of the Company, and its affiliated companies repurchased the shares of the Company held by MassMutual on November 30, 2010, a move that demonstrated their determination in continually developing the insurance market in Taiwan. The Company was officially listed in Taiwan Stock Exchange on December 18, 2012 with stock code of 2867.

The business scale of Mercuries Life Insurance grew rapidly since the incorporation, and the total assets exceeded NT$ 1 trillion in 2017. The Company handled capital increase by cash and issued 1,000,000,000 new shares in 2023 with total capital of NT$ 50.995 billion. In order to comprehensively develop the insurance market in Taiwan, the Company has established as many as 263 agency offices around Taiwan with more than 10,000 agency team members. As of the end of 2023, the effective number of insurance policies of the Company reached 4.37 million, and the Company provided all-around insurance protection and financial management services for more than 2.46 million policyholders.

For a long time, thanks to the collective efforts of all colleagues, Mercuries Life Insurance has adhered to the corporate philosophy of "A word of promise, a friend for life", and created long-term value for our policyholders, shareholders, and employees. Looking into the future, we will stick to "Focus on Operation and Steady Growth" as our main operation principle, pursue the stable growth in each aspect, continually optimize our business constitution, and join hands with stakeholders from all walks of life to practice our commitment for corporate sustainable management, and move towards the corporate vision of "the most value-creating professional life insurance company".

III. Corporate Governance Report

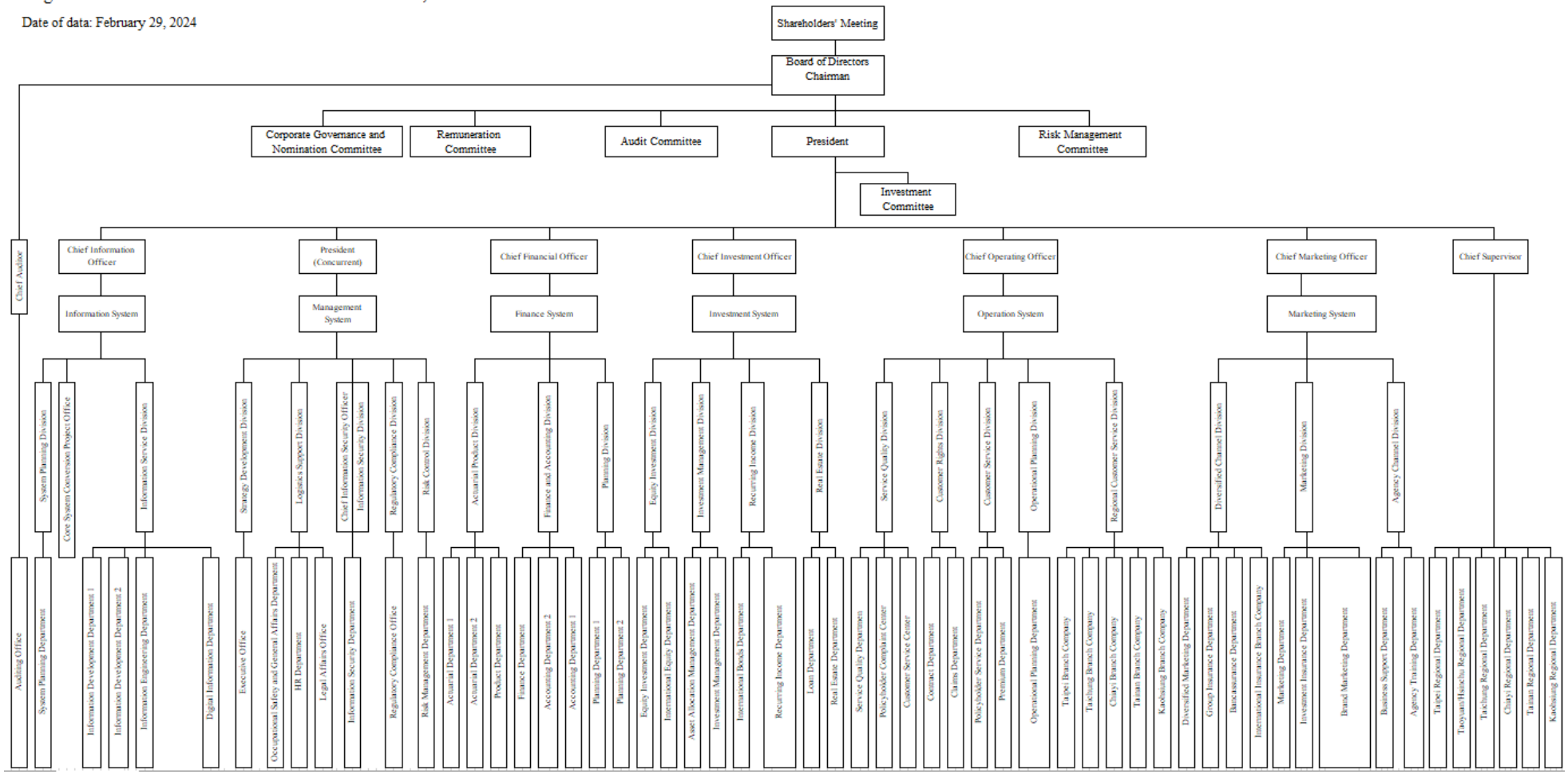
I. Organization

(I) Organization Structure

Date of organization chart: February 29, 2024

Organization Chart of Mercuries Life Insurance Co., Ltd.

Date of data: February 29, 2024



(II) Business operated by major departments

Department	Functions and responsibilities
Auditing Office	Internal control and audit
Bancassurance Department	Bank channel business
Executive Office	Promotion of the implementation of each strategy and business and facilitation of corporate governance and corporate sustainable development
HR Department	Management and development of internal human resources
Actuarial Department 1	Evaluation of statistical final accounting, reinsurance, and actuarial projects
Actuarial Department 2	Development and maintenance of actuarial system and evaluation of actuarial projects
Product Department	R&D of each insurance product
Finance Department	Cashier and fund procurement
Planning Department 1	Financial planning and analysis
Planning Department 2	Financial projects and systems
Accounting Department 1	Accounting treatment, review of expenses (general expenses), preparation of financial statements and budgets, etc.
Accounting Department 2	Accounting treatment, review of expenses (policy-related expenses), project planning, etc.
Risk Management Department	Evaluation, control, management, measurement, and analysis of corporate risks
Equity Investment Department	Planning, decision-making, and execution of each investment project
International Equity Department	Overseas equity investment business
International Bonds Department	International bonds investment business
Recurring Income Department	Recurring income investment business
Loan Department	Loan-related business
Investment Management Department	Investment administration and management, and execution of centralized market transactions of valuable securities
Asset Allocation Management Department	Planning, execution and supervision of asset allocation, measurement and management of investment performance, segregation management of policy assets, capital allocation,

Department	Functions and responsibilities
	investment project research, and responsible investment
Real Estate Department	Real estate investment, research, and management
Regulatory Compliance Office	Planning, management, and execution of corporate regulatory compliance, and assistance for each unit's regulatory compliance Money laundering rating control, analysis and monitoring of suspected transactions, and other relevant business
Occupational Safety and General Affairs Department	Occupational safety related business, and leasing, purchasing, and maintenance of workplace equipment
Legal Affairs Office	Review of contractual terms and legal affairs
Service Quality Department	Monitoring of business quality and other related matters
Policyholder Complaint Center	Handling of policyholders' claims and complaints
Information Security Department	Overall arrangement of information security policies and governance, and management and planning of cybersecurity infrastructure and other related business
Digital Information Department	Management of integration and operation flows of information system
Information Development Department 1	Planning, development, and maintenance of life insurance system actuarial, products, contracts, finance and accounting, and business
Information Development Department 2	Planning, development, maintenance, and technical development of policyholder services, claims, and core applications of the life insurance system
Information Engineering Department	Control of system operations and maintenance of network information security
System Planning Department	Business analysis of core system reconstruction, and research, analysis, and application of FinTech
Core System Conversion Project Office	Core system conversion related work
Policyholder Service Department	Policy contract maintenance and policyholder services
Premium Department	Collection and payment of renewal premium, and management of each payment channel
Customer Service Center	0800 toll-free service hotline acceptance center
Group Insurance	Promotion of group insurance and related administration

Department	Functions and responsibilities
Department	work
Claims Department	Review of insurance accidents and verification and payment of insurance benefits
Operational Planning Department	Integration and evaluation of cross-departmental administration projects
Contract Department	Underwriting of insurance contracts and distribution of insurance policies
Diversified Marketing Department	Overall planning and execution of diversified marketing channels
Business Support Department	Agent assessment, commission payment, and product planning
Investment Insurance Department	Integration of business related to investment products
Marketing Department	Marketing strategic planning, product education and promotion, and provision of auxiliary tools for sales
Brand Marketing Department	Execution of marketing strategies of agency channels, dedicated brand and media communication, and cultural publicity and planning
Agency Training Department	Planning and execution of agent training
International Insurance Branch Company	Handling of offshore life insurance using foreign currency for receipts and payments, and other insurance related business approved by the competent authority
Regional Branch Companies	Execution of regional contracts, claims, policyholder services, renewal premium collection and other relevant work
Divisions	Agent management, training, and business promotion in each region

II. Profile of Directors, Supervisors, President, Vice Presidents, Associate Vice Presidents, and Heads of Departments and Branch Units

(I) Directors and supervisors

1. Profile of directors and supervisors (I)

April 16, 2024

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
Director	ROC	Mercuries & Associates Holding, Ltd.	-					Jun. 15, 2023	3 years	Jun. 1, 1993	1,574,295,926	34.23 %	1,642,751,926	32.21 %	0	0.00 %	0	0.00 %	Master of Arts, University of Sunderland Bachelor of Laws, National Taiwan University					
Chairman	ROC	Representative: Wong, Chau-Shi	Male				✓	Jun. 15, 2023	3 years	Jun. 1, 1993	0	0.00%	0	0.00%	288,815	0.01 %	0	0.00 %	Chairman of Foundation for Taiwan Masters Golf Tournament Chairman of Foundation of Chinese Dietary Culture, Chairman of Mercuries Life Insurance Co., Ltd.	Note 4	Director	Wong, Wei-Chyun	Father and son	None

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
Director	ROC	Mercuries & Associates Holding, Ltd.	-					Jun. 15, 2023	3 years	Jun. 1, 1993	1,574,295,926	34.23%	1,642,751,926	32.21%	0	0.00%	0	0.00%	M.S. in Accounting, Tamkang University Master of Public Administration, University of San Francisco, USA Director & President of Namchow Chemical Industrial Co., Ltd.	-	-	-	-	-	-
	ROC	Representative: Chen, Chin-Tsai	Male				✓	Jun. 15, 2023	3 years	Jan. 10, 2019	0	0.00%	0	0.00%	0	0.00%	0	0.00%		Note 5	None	None	None	None
	ROC	Representative: Wong, Wei-Chyun	Male			✓		Jun. 15, 2023	3 years	Apr. 14, 2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Department of Chemistry, University of Pennsylvania Chairman of SCI Pharmtech, Inc.	Note 6	Chairman	Wong, Chau-Shi	Father and son	None

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
	ROC	Representative: Hsu, Chin-Hsin	Female	✓				Jun. 15, 2023	3 years	Jun. 23, 2017	0	0.00%	329,271	0.01%	0	0.00%	0	0.00%	Master of Laws in LL.M., Northwestern University Judge of Taiwan Keelung District Court Assistant Partner Lawyer of Formosa Transnational Attorneys at Law Attorney General of Mercuries & Associates Holding, Ltd.	Note 7	None	None	None	None
Director	ROC	Chen, Shiang-Li	Male		✓			Jun. 15, 2023	3 years	Dec. 15, 2004	0	0.00%	0	0.00%	2,730,711	0.05%	0	0.00%	MBA, Georgetown University, USA Chairman & President of Mercuries & Associates Holding, Ltd.	Note 8	None	None	None	None

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
Director	ROC	Wang, Chih-Hua	Male			✓		Jun. 15, 2023	3 years	Jan. 21, 2011	1,177,251	0.03%	1,229,251	0.02%	0	0.00%	0	0.00%	Department of Economics, Fu Jen Catholic University Vice President, Financial Supervisor, Corporate Governance Officer & Chief Information Security Officer of Mercuries & Associates Holding, Ltd.	Note 9	None	None	None	None
Director	ROC	Cheng, Chun-Nong	Male			✓		Jun. 15, 2023	3 years	May 28, 2008	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Chengchi University Director of Ernst & Young Global Limited	Note 10	None	None	None	None
Independent Director	ROC	Kuo, Wei-Yu	Male		✓			Jun. 15, 2023	3 years	Jun. 19, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Financial Economics, Department of Economics, University of Cambridge, UK Director of Bank of Taiwan Independent director of Kim Forest Enterprise Co., Ltd.	Note 11	None	None	None	None

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
	ROC	Henry Yang	Male			✓		Jun. 15, 2023	3 years	Jun. 19, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master, Institute of Actuarial Sciences, Georgia State University, USA President of Reinsurance Group of American (RGA) Taiwan Branch Chairman of AICT President of Taiwan Branch of Deloitte Trowbridge Actuarial Consulting Management Company	None	None	None	None	None
	ROC	Tu, Te-Cheng	Male			✓		Jun. 15, 2023	3 years	Jun. 15, 2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of Houston Chairman of PharmaEngine Inc. President of President International Development Corp.	Note 12	None	None	None	None

Title	Nationality or registered place	Name	Gender	Age				Date of election (appointment)	Term of office (Note 1)	Date first elected	Shares held upon election (Note 2)		Shares currently held (Note 3)		Shares currently held by spouse and minor children (Note 3)		Shares held in the name of others (Note 3)		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors, or supervisors with relation of spouse or second degree of kinship			Remark
				41-50	51-60	61-70	Above 71				Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
	ROC	Liou, Han-Tzong	Male		✓			Jun. 15, 2023	3 years	Jun. 15, 2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master, the Duke Center for International Development, Chairman of Horizon Securities Co., Ltd.	Note 13	None	None	None	None
	ROC	Justin Tsai	Male			✓		Jun. 19, 2020	3 years (Term of office terminated on Jun 15, 2023)	Jun. 19, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, Indiana University, USA President of Ta Chong Bank President of Taishin International Bank	Note 14	None	None	None	None

Note 1: The term of office lasts for three years, i.e., from June 15, 2023 to June 14, 2026.

Note 2: For shares held upon election, the shareholding ratio is calculated based on total 4,599,501,044 shares already issued by the Company.

Note 3: For shares currently held, the shareholding ratio is calculated based on total 5,099,501,044 shares already issued by the Company. The information regarding number of shares was provided up to April 16, 2024.

Note 4: Chairman of Mercuries Life Insurance Co., Ltd., chairman of Foundation of Chinese Dietary Culture, chairman of Foundation for Taiwan Masters Golf Tournament chairman of Taiwan Chain Stores and Franchise Association, consultant of Mercuries & Associates Holding, Ltd., and director of Shurong Co., Ltd.

Note 5: Chairman of WIN Semiconductors Corp., chairman of ITEQ Corp., chairman of WIN Earn Investment Co., Ltd., chairman of WIN Chance Investment Co., Ltd., chairman of WIN Venture Capital Crop., chairman of Jiangsu Chainwin Agriculture and Animail Technology Co.,Ltd.,chairman of Jiangsu Chainwin Kang Yuan Agriculturral Development Co.,Ltd., chairman of Jiangsu Win Yield Agriculuture Development Co.,Ltd.,chairman of Jiangsu Win Shine Agriculuture Development Co.,Ltd., chairman of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., chairman of Bang Mao Investment Co., Ltd., chairman of Win Lux Biotech Co., Ltd., chairman of Phalanx Biotech Group, chairman of Jiangsu Win Chance Agriculture Development Co., Ltd., vice chairman of HIWIN Technologies Corp., director of WIN SEMI. USA, INC., director of Win Semiconductors Cayman Islands Co., Ltd., director of Jiangsu CM/Merit Agricultural Development Co., Ltd., director of i-Chainwin Technology Co., Ltd., independent director of Kinsus Interconnect Technology Corp., independent director of Tong Hsing Electronic Industries, Ltd., independent director of Inventec Besta Co., Ltd., supervisor of Excellence Sporting Goods Co., Ltd., and supervisor of Comax Sporting Goods Co., Ltd.

Note 6: Chairman of SCI Pharmtech, Inc., chairman of Yushan Pharmaceuticals, Inc., chairman of Shuren Investment Co., Ltd., chairman of Shufeng Investment Co., Ltd., director of Shurong Co., Ltd., ，director of Mercuries F&B Co., Ltd., director of Simple Mart Retail Co., Ltd., director of Mercuries & Associates Holding, Ltd., director of Framosa Co., Ltd., director of Energenesis Biomedical Co., Ltd., director of Foundation for Taiwan Masters Golf Tournament, chairman of Shui-Mu Foundation of Chemistry,

director of the Kaohsiung City Garden of Hope Foundation, and director of the Association for the Criminal Defense of the Republic of China

Note 7: Attorney General of Mercuries & Associates Holding, Ltd., director of CMG International One Co., Ltd., director of CMG International Two Co., Ltd., director of Framosa Co., Ltd., independent director of Orient EuroPharma Co., Ltd., independent director of Eastern Union Interactive Corp., and director of Taiwan Bar Association

Note 8: Chairman and president of Mercuries & Associates Holding, Ltd., chairman of Mercuries General Media, Inc., chairman of Mercuries Leisure Co., Ltd., chairman of Shanghong Investment Co., Ltd., director of Mercuries & Associates, Ltd., director of Mercuries Data Systems Ltd., director of Mercuries Liquor & Food Co., Ltd., director of Mercuries F&B Co., Ltd., director of SCI Pharmtech, Inc., director of Mercuries Fu Bao Co., Ltd., director of Simple Mart Retail Co., Ltd., director of Shangling Investment Co., Ltd., director of Simple Mart Plus Co., Ltd., director of Foundation for Taiwan Masters Golf Tournament, director of Foundation of Chinese Dietary Culture, chairman of Chinese Slow Pitch Softball Association, and executive director of Teeball Association.

Note 9: Vice President, Financial Supervisor, Corporate Governance Officer & Chief Information Officer of Mercuries & Associates Holding, Ltd., director of Mercuries General Media, Inc., director of Mercuries Leisure Co., Ltd., director of Jia Hong Investment Co., Ltd., director of Mercuries Liquor & Food Japan Co., Ltd., director of Mercuries Social Welfare & Charity Foundation in Taoyuan County, supervisor of Mercuries & Associates, Ltd., and supervisor of Enjoy Records Co., Ltd.

Note 10: CPA of Liangdong Accounting Firm, director of Liangdong Investment Co., Ltd., executive supervisor of Risk Management Society of Taiwan, independent director & Remuneration Committee member of Locus Cell Co., Ltd., and director of Center for Asia-Pacific Resilience and Innovation

Note 11: Distinguished professor, Department of International Business, National Chengchi University, independent director of Connection Technology Systems Inc., and independent director of Chi Hua Fitness Co., Ltd.

Note 12: Independent director of Mercuries & Associates Holding, Ltd., independent director of SCI Pharmtech, Inc., and supervisor of Shangda Investment Co., Ltd.

Note 13: Independent director of Mercuries & Associates Holding, Ltd., director of China Investment & Development Co., Ltd., and supervisor of Tahua Venture Investment Co., Ltd.

Note 14: Not an incumbent director, and therefore not applicable.

Major shareholders of corporate shareholders:

April 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholder
Mercuries & Associates Holding,	Shangling Investment Co., Ltd. (18.07%), Shunren Investment Co., Ltd. (12.85%), Mega Prosper Investment Limited (9.98%), Shanghong Investment Co., Ltd. (5.63%), Shufeng Investment Co., Ltd. (5.06%), Mercury Fu Bao Co., Ltd. (4.18%), Chen, Shiang-Li (2.26%), Employee Pension Fund Management Committee of Mercuries & Associates, Ltd. (1.86%), Wong, Chau-Shi (1.77%), and Chen, Shiang-Chung (1.60%)

Major shareholders of major shareholders as corporate shareholders:

March 31, 2024

Name of corporate shareholder	Major shareholders of corporate shareholder
Shangling Investment Co., Ltd.	Chen, Shiang-Li (31.41%), Chen, Shiang-Jeh (17.67%), Chen, Shiang-Feng (17.67%), Hsu, Chang-Hui (6.37%), Chen, Shiang-Chung (13.54%), Shanghong Investment Co., Ltd. (8.21%), Wang, Te-Pin (5.13%)
Shunren Investment Co., Ltd.	Wong, Wei-Chyun (27.89%), Wong, Tsui-Chun (24.70%), Wong, I-Hsuan (17.55%), Shufeng Investment Co., Ltd. (15.39%), Wong, Chau-Shi (14.39%), Yang, Chun-Hui (0.06%), Yang, Hsueh-Hui (0.02%)
Mega Proper International Limited	Mega Proper International Limited (100%), a merchant registered in British Virgin Islands
Shanghong Investment Co., Ltd.	Chen, Shiang-Li (21.74%), Shangling Investment Co., Ltd. (32.61%), Chen, Shiang-Jeh (13.48%), Chen, Shaing-Feng (13.48%), Chen, Shiang-Chung (9.56%), Hsu, Chang-Hui (5.22%), Wang, Te-Pin (3.91%)
Shufeng Investment Co., Ltd.	Shunren Investment Co., Ltd. (67.95%), Wong, Chau-Shi (14.62%), Wong, Wei-Chyun (8.20%), Wong, Tsui-Chun (8.20%), Yang, Chun-Hui (0.46%), Yang, Hsueh-Hui (0.26%), Wong, I-Hsuan (0.26%), Chen, Shiang-Feng (0.05%)
Mercury Fu Bao Co., Ltd.	Mercuries & Associates Holding, Ltd. (100%)

2. Profile of directors and supervisors (II)

(1) Disclosure of information on professional qualifications of directors and supervisors, and independence of independent directors:

February 29, 2024

Condition / Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
Directors			
Wong, Chau-Shi (Note 1)	1. Wong, Chau-Shi also serves as the chairman of Foundation of Chinese Dietary Culture and Foundation for Taiwan Masters Golf Tournament. Wong served as the chairman of Mercuries Life Insurance. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-1110493937 dated September 26, 2022.	—	0
Chen, Shiang-Li (Note 1)	1. Chen, Shiang-Li served as president of HS Securities Investment Consulting Co., Ltd. and chairman of First Venture Capital Co., Ltd., and currently serves as chairman and president of Mercuries & Associates Holding, Ltd., director of Mercuries Fu Bao Co., Ltd., director of Mercuries Liquor & Food Co., Ltd, director of Simple Mart Retail Co., Ltd., director of Mercuries Data Systems Ltd., and director of SCI Pharmtech, Inc. with abundant enterprise management experience. Later Chen has served as a director of the Company since December 2004 with a deep understanding of the life insurance business. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-10502137360 dated December 16, 2016.	—	0
Wong, Wei-Chyun (Note 1)	Wong, Wei-Chyun is the chairman of SCI Pharmtech, Inc. and Yushan Pharmaceuticals, Inc., as well as the director of Mercuries & Associates Holding, Ltd. with a deep understanding of corporate management.	—	0

Chen, Chin-Tsai (Note 1)	Chen, Chin-Tsai served as president of Namchow Chemical Industrial Co., Ltd., and currently serves as chairman of WIN Semiconductors Corp., chairman of ITEQ Corporation, vice chairman of HIWIN Technologies Corp., independent director of Inventec Besta Co., Ltd., independent director of Kinsus Interconnect Technology Corp., and independent director of Tong Hsing Electronic Industries, Ltd. with abundant experience in corporate management. Chen has served as a director of the Company since 2019.	—	3
Wang, Chih-Hua (Note 1)	1. Wang, Chih-Hua served as supervisor of First Financial Holding Co., Ltd. and supervisor of SCI Pharmtech, Inc., and currently serves as the financial supervisor and Corporate Governance Officer of Mercuries & Associates Holding, Ltd. with professional experience in the corporate finance and governance. Wang has served as a director of the Company since 2011. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-1110442989 dated August 19, 2022.	—	0
Hsu, Chin-Hsin (Note 1)	Hsu, Chin-Hsin served as a judge of a local court and a junior partner of Formosa Transnational Attorneys at Law, and currently serves as Attorney General of Mercuries & Associates Holding, Ltd. with expertise in law.	—	2
Cheng, Chun-Nong (Note 1)	1. Cheng, Chun-Nong served as chief accountant of Ernst & Young, and an independent director and the chairman of the Audit Committee of the Company from 2008 to 2020; Cheng currently serves as a CPA of Liangdong Accounting Firm 、director of Liangdong Investment Co., Ltd., and an independent director of Locus Cell Co., Ltd. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-10602000880 dated January 19, 2017.	—	1
Independent directors			
Kuo, Wei-Yu (Note 1)	1. Kuo, Wei-Yu, PhD in Financial Economics, Department of Economics, University of Cambridge, UK, currently serves as a distinguished professor, Department of	Note 2	2

	International Business, National Chengchi University, independent director of Connection Technology Systems Inc., and independent director of Chi Hua Fitness Co., Ltd. Kuo give equal consideration to the academic theories and practical operations of corporate management. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-1090416408 dated April 20, 2020.		
Henry Yang (Note 1)	1. Henry Yang, as a full member of Society of Actuaries (SOA), served as the chairman of SOA and the president of Reinsurance Group of American (RGA) Taiwan Branch with abundant experience in corporate governance, actuarial studies, and management. 2. The professional qualifications for the insurance were acknowledged in accordance with FSC Order No. Jin-Guan-Bao-Shou-Zi-1090142468 dated August 14, 2020.	Note 2	0
Tu, Te-Cheng (Note 1)	Tu, Te-Cheng served as chairman of PharmaEngine Inc. and president of President International Development Corp., and currently serves as independent director of SCI Pharmtech, Inc. and independent director of Mercuries & Associates Holding, Ltd. with abundant experience in corporate governance and management.	Note 2	2
Liou, Han-Tzong (Note 1)	Liou, Han-Tzong served as chairman of Horizon Securities Co., Ltd., and currently serves as independent director of Mercuries & Associates Holding, Ltd. with abundant experience in securities and corporate management.	Note 2	1
Justin Tsai (Term of office terminated on Jun 15, 2023)	Justin Tsai served as president of Ta Chong Bank and president of Taishin International Bank, and currently serves as independent director of ALi Tech with professional experience in financial market.	Non-incumbent director	Non-incumbent director

Note 1: It is confirmed through periodic review that circumstances stipulated in each paragraph of Article 30 of the Company Act haven't occurred.

Note 2: It is confirmed through review that independent directors were not involved in the following circumstances two years prior to election, i.e., term of office, or complied with the exceptions regarding the concurrent office-taking between independent directors of parent company, subsidiaries or subsidiaries under the same parent company in accordance with Article 3-2 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:

(1) The independent directors serve as the directors, supervisors or employees of the Company, or affiliated enterprises of the Company, and companies having specific relation with the Company.

(2) The spouse and relatives within the second degree of kinship of the independent directors serve as directors, supervisors or employees of the Company, or affiliated enterprises of the Company.

(3) The independent directors and their spouses and underage children hold more than one percent of the total number of shares already issued by the Company themselves or in the name of others, or act as individual shareholders with shareholding ranking the top 10.
(4) The independent directors work for service agencies that provide services of commerce, legal affairs, finance, and accounting for the Company or its affiliated enterprises.
(5) The independent directors obtain rewards for providing services of commerce, legal affairs, finance, and accounting for the Company or its affiliated enterprises.

(2) Diversity and independence of the Board of Directors:

A. Diversity of the Board of Directors:

It is prescribed in "Director Election and Succession Planning" of the Company that the professional qualifications and selection conditions of directors and independent directors shall comply with the provisions of "Company Act", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and "Regulations Governing Required Qualifications, Concurrent Serving Restrictions and Matters for Compliance by Responsible Persons of Insurance Enterprises", and the seats of professional natural persons served directors shall comply with the provisions of the competent authority. In accordance with the provisions of Article 8 of "Regulations Governing Required Qualifications, Concurrent Serving Restrictions and Matters for Compliance by Responsible Persons of Insurance Enterprises", 5 directors elected shall be natural persons with professional qualifications, and the Company has already complied with this regulatory requirement. Also, the Company has established "Procedures for Election of Directors" which stipulates that the election of Board members should be performed in consideration of the overall structure of the Board of Directors, the members of the Board of Directors should be diversified, and an appropriate diversity policy should be drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:

(A) Basic conditions and values: Gender, age, nationality, culture, etc.

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

The members of the Board of Directors shall generally possess the knowledge, skills and quality needed for execution of their duties, as well as the following capabilities as a whole:

(A) Operation judgment capabilities

(B) Accounting and financial analysis capabilities.

(C) Operation management capabilities

(D) Risk management knowledge and capabilities

(E) Criss handling capabilities

(F) Professional knowledge on finance and insurance

(G) Awareness of international market
(H) Leadership
(I) Decision-making capabilities

The current Board of Directors comprises 11 directors, including 4 independent directors who account for 36%, and 1 female director who accounts for 9%. The average age of the members of the Board of Directors age 65.25. 1 director is aged 40 (including given figure)-50, accounting for 9%; 3 directors are aged 50 (including given figure)-60, accounting for 27%; 7 directors are aged 60 and above, accounting for 64%. In order to realize the objective of diversity of the members of the Board of Directors, the Company has established the following rules: Each Board of Directors shall comprise at least 4 directors with professional experience in the insurance industry and at least 1 independent director with the expertise in risk management. In addition, the Company attaches importance to the gender equality in the constitution of the members of the Board of Directors, and will continually pursue appropriate talents and strive to realize the goal of making female directors account for 1/3 of all directors.

The Company also emphasizes on the professional competency of the chairman of each functional committee. Therefore, 4 independent directors shall be specialized in risk management, finance and accounting, or operation management at least. Independent director Henry Yang has the expertise in operation management, finance and accounting, and risk management/investment, and therefore is eligible to serve as the chairman of the Audit Committee; independent director Kuo, Wei-Yu has the expertise in operation management, and finance and accounting, and risk management/investment, and therefore is eligible to serve as the chairman of the Corporate Governance and Nomination Committee; independent director Tu, Te-Cheng has the expertise in operation management and risk management/investment, and therefore is eligible to serve as the chairman of the Remuneration Committee; independent director Liou, Han-Tzong has the expertise in operation management and risk management/investment, and therefore is eligible to serve as the chairman of the Risk Management Committee. Therefore, the objective for the constitution of independent directors of the Company has been fulfilled.

In addition, in order to achieve the diversity of the constitution of the members of the Board of Directors, each director has multiple

professional backgrounds, and the relevant implementation status is as follows:

Core diversity item / Name of director	Basic composition										Professional competence			
	Nationality	Gender	Concurrent post of employee of the Company	Term of office as independent director			Age				Operation management	Finance and accounting	Law	Risk management/investment
				Below 3 years	3-9 years	Above 9 years	41-50	51-60	61-70	Above 71				
Wong, Chau-Shi	ROC	Male								✓	✓			
Chen, Shiang-Li	ROC	Male						✓			✓			✓
Wong, Wei-Chyun	ROC	Male							✓		✓			
Chen, Chin-Tsai	ROC	Male								✓	✓	✓		
Wang, Chih-Hua	ROC	Male							✓		✓	✓		✓
Hsu, Chin-Hsin	ROC	Female					✓				✓		✓	
Cheng, Chun-Nong	ROC	Male							✓		✓	✓		
Kuo, Wei-Yu	ROC	Male			✓			✓			✓	✓		✓
Henry Yang	ROC	Male			✓				✓		✓	✓		✓
Tu, Te-Cheng	ROC	Male		✓					✓		✓			✓
Liou, Han-Tzong	ROC	Male		✓				✓			✓			✓
Justin Tsai (Term of office terminated on June 15, 2023)	ROC	Male		✓					✓		✓	✓		

B. Independence of the Board of Directors:

The 11th Board of Directors of the Company was elected in the regular shareholders' meeting held on June 15, 2023 and 11 directors were elected with term of office starting from June 15, 2023 and ending on June 14, 2026. 7 directors were natural-person directors (including 4 independent directors), and 4 directors were representatives of Mercuries & Associates Holding, Ltd.

The Company has already acquired statements from each director, including independent directors, confirming the independence of the directors themselves and their direct relatives from the Company. Among 11 directors, 2 directors have the spousal relationship, or kinship within the second degree (director Wong, Chau-Shi and director Wong, Wei-Chyun have a father-son relationship). Therefore, the Company complies with the provisions stipulated in Subparagraph 3 of Article 26-3 of the Securities and Exchange Act. Besides, the Company hasn't appointed any supervisors, and the provisions stipulated in Subparagraph

4 of Article 26-3 of the Securities and Exchange Act do not apply.

(II) Profile of president, vice presidents, associate vice presidents, and heads of departments and branch units

February 29, 2024

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in other companies	Manager with relation of spouse or second degree of kinship			Remark
					Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)			Title	Name	Relation	
President	ROC	Chen, Hung-Sheng	Male	Jul. 7, 2021	3,679,875	0.07%	0	0.00%	0	0.00%	Institute of Statistics, National Tsing Hua University	None	None	None	None	None
Executive Vice President	ROC	Money Chang	Male	Apr. 21, 2017	5,071,765	0.10%	144,216	0.00%	0	0.00%	Department of Banking and Insurance, Feng Chia University	None	None	None	None	None
Executive Vice President	ROC	Huang, Wen-Chung	Male	Jan. 1, 2000	11,864,818	0.23%	10,000	0.00%	0	0.00%	Department of Mechanical Engineering, Feng Chia University	None	None	None	None	None
Senior Vice President	ROC	Lin, Ching-Hsiang	Male	Apr. 21, 2017	181,654	0.00%	0	0.00%	0	0.00%	Department of Economics, Soochow University	None	None	None	None	None
Senior Vice President	ROC	Lin, Pi-Hua	Female	May 22, 2023	24,000	0.00%	0	0.00%	0	0.00%	Department of Mathematics, National Central University	None	None	None	None	None
Senior Vice President	ROC	Liu, Shu-Ying	Female	Feb. 16, 2023	0	0.00%	0	0.00%	0	0.00%	MBA, Saint Louis University	None	None	None	None	None
Senior Vice President	ROC	Hsieh, Ming-Chin	Male	Jun. 1, 2023	307,734	0.01%	0	0.00%	0	0.00%	Master, Information Management Group, In-service Specialized Class, College of Management , National Taiwan University	None	None	None	None	None
Senior Vice President	ROC	Tsao, Kuang-Chih	Male	Nov. 1, 2023	0	0.00%	0	0.00%	0	0.00%	Financial Management, National Sun Yat-sen University	None	None	None	None	None
Vice President	ROC	Huang, Au-Hua	Male	Jan. 1, 2000	828,543	0.02%	0	0.00%	0	0.00%	Institute of Information Management, University of Illinois	None	None	None	None	None
Vice President	ROC	Tso, Nan-Hsing	Male	Jan. 1, 2007	1,217,742	0.02%	175	0.00%	0	0.00%	Department of International Business, Feng Chia University	None	None	None	None	None
Vice President	ROC	Kuo, Shu-Yi	Female	Jan. 1, 2008	378,262	0.01%	925,980	0.02%	0	0.00%	Institute of Business Administration, National Chengchi University	None	None	None	None	None
Vice President	ROC	Yang, Yi-Cheng	Male	Jan. 1, 2010	102,377	0.00%	0	0.00%	0	0.00%	Department of Cooperative Economics, National Chung Hsing University	None	None	None	None	None
Vice President	ROC	Hsieh, Shu-Fang	Female	Sep. 28, 2018	10,142	0.00%	0	0.00%	0	0.00%	Indiana University, Maurer School of Law	None	None	None	None	None
Vice President	ROC	Liao, Kuo-Hsien	Male	Jan. 1, 2012	27,432	0.00%	11,087	0.00%	0	0.00%	School of Pharmacy, Taipei Medical College	None	None	None	None	None
Vice President	ROC	Tsai, Kuo-Liang	Male	Jan. 1, 2012	133,871	0.00%	9,274	0.00%	0	0.00%	Department of Industrial Management, Tamkang Industrial and Commercial College	None	None	None	None	None

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in other companies	Manager with relation of spouse or second degree of kinship			Remark
					Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)			Title	Name	Relation	
Vice President	ROC	Hsu, Chien-Wen	Male	Oct. 1, 2013	189,890	0.00%	0	0.00%	0	0.00%	Institute of Actuarial Science, University of Nebraska	None	None	None	None	None
Vice President	ROC	Tien, Yu-Ping	Female	Jan. 1, 2014	1,099,926	0.02%	0	0.00%	0	0.00%	Institute of Statistics, Iowa State University	None	None	None	None	None
Vice President	ROC	Chang, Ching-Shih	Male	Jan. 1, 2014	324,833	0.01%	0	0.00%	0	0.00%	Department of Civil Engineering, Chung Yuan Christian University	None	None	None	None	None
Vice President	ROC	Chen, Yen-Chang	Male	Jan. 1, 2016	1,568,866	0.03%	35,794	0.00%	0	0.00%	Department of Statistics, Feng Chia University	None	None	None	None	None
Vice President	ROC	Huang, Chiu-Yuan	Male	Jan. 1, 2016	581,878	0.01%	56,820	0.00%	0	0.00%	Department of Business Administration, Feng Chia University	None	None	None	None	None
Vice President	ROC	Kao, Chih-Chiang	Male	Jan. 1, 2017	1,396,653	0.03%	0	0.00%	0	0.00%	Institute of Insurance, Feng Chia University	None	None	None	None	None
Vice President	ROC	Liu, Rui-Yu	Male	Jan. 1, 2017	126,681	0%	0	0.00%	0	0.00%	Institute of Industrial Economics, National Central University	None	None	None	None	None
Vice President	ROC	Li, Chien-Hsun	Male	Jul. 1, 2017	858,030	0.02%	70,680	0.00%	0	0.00%	Department of Plant Pathology, National Chung Hsing University	None	None	None	None	None
Vice President	ROC	Su, Chun-Sheng	Male	Aug. 1, 2022	10,000	0.00%	0	0.00%	0	0.00%	MBA, Ohio State University	None	None	None	None	None
Vice President	ROC	Cheng, Chih-Kai	Male	Feb. 1, 2018	387,140	0.01%	731	0.00%	0	0.00%	Institute of Risk Management and Insurance, Kaohsiung First Technology University	None	None	None	None	None
Vice President	ROC	Chen, Li-Chun	Female	Feb. 1, 2019	243,813	0.00%	0	0.00%	0	0.00%	Department of Banking and Insurance, Ming Chuan Commercial College	None	None	None	None	None
Vice President	ROC	Liu, Hsien-Ru	Male	Feb. 4, 2021	1,080,876	0.02%	0	0.00%	0	0.00%	Graduate Institute of Business Administration, National Chung Cheng University	None	None	None	None	None
Vice President	ROC	Chao, Hsin-Hui	Male	Feb. 4, 2021	168,012	0.00%	0	0.00%	0	0.00%	Department of Electronics, Taipei Municipal Industrial and Agricultural College	None	None	None	None	None
Vice President	ROC	Kuo, Yi-Yang	Male	Feb. 4, 2021	63,831	0.00%	14,338	0.00%	0	0.00%	Department of Finance and Law, National Chengchi University	None	None	None	None	None
Vice President	ROC	Woody S.M.Fang	Male	Jan. 1, 2011	359,194	0.01%	0	0.00%	0	0.00%	Institute of Business Administration, National Chengchi University	None	None	None	None	None
Vice President	ROC	Lo, Ju-Chiang	Male	Aug. 1, 2017	583,547	0.01%	0	0.00%	0	0.00%	Graduate Institute of Statistics, National Taipei University	None	None	None	None	None
Vice President	ROC	Wu, Chung-Ru	Male	Jan. 1, 2012	542,747	0.01%	40,800	0.00%	0	0.00%	Department of Business Administration, Feng Chia University	None	None	None	None	None
Vice President	ROC	Chen, Chin-Wang	Male	Jan. 1, 2024	960	0.00%	0	0.00%	0	0.00%	Risk and Insurance Research Center, National Chengchi University	None	None	None	None	None
Vice President	ROC	Chang, An-Chun	Female	Jan. 1, 2024	245,058	0.00%	00	0.00%	0	0.00%	University of Iowa, Statistical Actuarial & University of Chicago, Master's Degree of Financial Mathematics	None	None	None	None	None

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in other companies	Manager with relation of spouse or second degree of kinship			Remark
					Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)			Title	Name	Relation	
Vice President	ROC	Guo, Rong-Jian	Male	Jan. 1, 2024	104,033	0.00%	0	0.00%	0	0.00%	Department of Risk Management and Insurance, National Chengchi University	None	None	None	None	None
Vice President	ROC	Guo,Yi-Long	Male	Jan. 1, 2024	22,000	0.00%	0	0.00%	0	0.00%	Actuarial Group, Department of Risk Management and Insurance, National Chengchi University	None	None	None	None	None
Vice President	ROC	Kuo, Chun-Jen	Male	Feb. 1, 2024	0	0.00%	0	0.00%	0	0.00%	The Department of Economics, National Taiwan University	None	None	None	None	None
Assistant Vice President	ROC	Chang, Che-Wei	Male	Jan. 1, 2011	1,064,161	0.02%	200,661	0.00%	0	0.00%	Department of Cooperative Economics, Tamkang University	None	None	None	None	None
Assistant Vice President	ROC	Yang, Chieh-Lung	Male	Jan. 1, 2015	384,645	0.01%	0	0.00%	0	0.00%	Department of Insurance, Tamkang University	None	None	None	None	None
Assistant Vice President	ROC	Chen, Li-Yung	Male	Jan. 1, 2017	105,000	0.00%	0	0.00%	0	0.00%	MBA, University of Massachusetts Dartmouth	None	None	None	None	None
Assistant Vice President	ROC	Tso, Hung-Hsuan	Male	Feb. 1, 2018	139,025	0.00%	0	0.00%	0	0.00%	Institute of Applied Mathematics, National Chung Cheng University	None	None	None	None	None
Assistant Vice President	ROC	Tsao, Chih-Han	Male	Feb. 1, 2019	685,366	0.01%	7,737	0.00%	0	0.00%	Department of Business Mathematics, Soochow University	None	None	None	None	None
Assistant Vice President	ROC	Sung, Chien-Hui	Male	Feb. 1, 2019	56,955	0.00%	0	0.00%	0	0.00%	Department of Statistics, Feng Chia University	None	None	None	None	None
Assistant Vice President	ROC	Lin, Shu-Hui	Female	Feb. 1, 2019	270,445	0.01%	105,528	0.00%	0	0.00%	Department of Insurance, Feng Chia University	None	None	None	None	None
Assistant Vice President	ROC	Zhu, Shi-Ling	Female	Feb. 1, 2020	217,027	0.00%	0	0.00%	0	0.00%	Business Administration Master In-service Specialized Class, Department of Management Sciences, College of Business Administration, Tamkang University	None	None	None	None	None
Assistant Vice President	ROC	Chang, Qi-Xi	Male	Feb. 1, 2020	50,349	0.00%	0	0.00%	0	0.00%	Textile Department, Vanung University	None	None	None	None	None
Assistant Vice President	ROC	Wang, Shou-Fa	Male	Feb. 1, 2020	424	0.00%	0	0.00%	0	0.00%	Advanced Operation Class, Master Program in Business Administration, National Chengchi University	None	None	None	None	None
Assistant Vice President	ROC	Zhuang, Ya-Lun	Female	Feb. 1, 2020	319,603	0.01%	18,138	0.00%	0	0.00%	Department of Banking and Insurance, Feng Chia University	None	None	None	None	None
Assistant Vice President	ROC	Li, Sen-Chou	Female	Feb. 1, 2020	170,410	0.00%	0	0.00%	0	0.00%	Department of International Trade, Feng Chia University	None	None	None	None	None
Assistant Vice President	ROC	Chen, Li-Ying	Female	Feb. 1, 2020	54,047	0.00%	0	0.00%	0	0.00%	Department of Banking and Insurance, Ming Chuan Commercial College	None	None	None	None	None
Assistant Vice President	ROC	Yen, Chiu-I	Male	Feb. 1, 2020	191,304	0.00%	117,623	0.00%	0	0.00%	Graduate School of Civil Engineering, Tamkang University	None	None	None	None	None
Assistant Vice President	ROC	Hsu, Chia-Chun	Male	Jul. 21, 2020	202,061	0.00%	0	0.00%	0	0.00%	MBA, Suffolk University	None	None	None	None	None
Assistant Vice President	ROC	Hung, Shih-Han	Male	Feb. 1, 2021	100,023	0.00%	0	0.00%	0	0.00%	Institute of Actuarial Science, Department of Applied Mathematics, University of Illinois at Urbana-Champaign	None	None	None	None	None
Assistant Vice President	ROC	Kuan, Chun-Tang	Male	Feb. 1, 2021	350,873	0.01%	66,539	0.00%	0	0.00%	Banking Division, Department of Banking and Insurance, Feng Chia University	None	None	None	None	None

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in other companies	Manager with relation of spouse or second degree of kinship			Remark
					Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)	Number (Note 2)	Ratio (Note 1)			Title	Name	Relation	
Assistant Vice President	ROC	Peng, Chih-Chuan	Male	Feb. 1, 2022	88,107	0.00%	104,803	0.00%	0	0.00%	Graduate Institute of Statistics, Tunghai University	None	None	None	None	None
Assistant Vice President	ROC	Wang, Shun-Chi	Male	Feb. 1, 2022	449,226	0.01%	0	0.00%	0	0.00%	Institute of Business Mathematics, Soochow University	None	None	None	None	None
Assistant Vice President	ROC	Li, Kung-Chuan	Male	Feb. 1, 2022	89,000	0%	0	0.00%	0	0.00%	Soochow University, Master of Laws, Technology Law Group, In-service Specialized Class	None	None	None	None	None
Assistant Vice President	ROC	Chen,Yi-Jing	Female	Feb. 1, 2022	8,519	0.00%	0	0.00%	0	0.00%	Department of Insurance, Ming Chuan University	None	None	None	None	None
Assistant Vice President	ROC	Fang, Cai-Ling	Female	Feb. 1, 2022	233,219	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Kaohsiung University of Science and Technology	None	None	None	None	None
Assistant Vice President	ROC	Chang, Cuei-Ling	Female	Oct. 3, 2022	0	0.00%	0	0.00%	0	0.00%	EMBA Financial Management Group, National Chengchi University	None	None	None	None	None
Assistant Vice President	ROC	Li, Jhao-Yuan	Male	Jan. 30, 2023	30,000	0.00%	0	0.00%	0	0.00%	Computer Study & IT Management, University of Wollongong	None	None	None	None	None
Assistant Vice President	ROC	Li, Jing-Yang	Male	Feb. 1, 2023	7,833	0.00%	0	0.00%	0	0.00%	Department of Applied Mathematics, Soochow University	None	None	None	None	None
Assistant Vice President	ROC	Yang, Jhih-Sian	Male	Feb. 1, 2023	189,905	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Assistant Vice President	ROC	Dong, Li-Jhu	Female	Feb. 1, 2023	751,786	0.01%	0	0.00%	0	0.00%	Department of Economics, National Tsing Hua University	None	None	None	None	None
Assistant Vice President	ROC	Chang, Ching-Wen	Female	Aug. 1, 2023	84,710	0.00%	0	0.00%	0	0.00%	Department of Sociology & Department of Business Administration, National Chengchi University	None	None	None	None	None
Assistant Vice President	ROC	Lin, Kuei-Ying	Female	Aug. 7, 2023	0	0.00%	0	0.00%	0	0.00%	Department of Data Processing, , Ming Chuan Commercial College	None	None	None	None	None
Assistant Vice President	ROC	Hsieh, Chia-Ling	Female	Feb. 1, 2024	13,000	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Assistant Vice President	ROC	Chen, Yi-Chiu	Male	Feb. 1, 2024	0	0.00%	0	0.00%	0	0.00%	Department of Risk Managment and Insurance, National Chengchi University	None	None	None	None	None
Assistant Vice President	ROC	Chiu, Hou-Lin	Male	Feb. 1, 2024	77,864	0.00%	33	0.00%	0	0.00%	Department of Psychology, Chung Yuan Christian University	None	None	None	None	None
Assistant Vice President	ROC	Chen, Yung-Chun	Male	Feb. 1, 2024	0	0.00%	97	0.00%	0	0.00%	Department of Harbor and River Engineering, National Taiwan Ocean University	None	None	None	None	None
Assistant Vice President	ROC	Chen, Hsiao-Chuan	Female	Feb. 1, 2024	124,412	0.00%	0	0.00%	0	0.00%	Department of Statistics, Feng Chia University	None	None	None	None	None

Note 1: The shareholding ratio is calculated based on the total number of shares already issued by the Company, i.e., 5,099,501,044 shares.
Note 2: Information regarding number of shares has been provided as of the of book closure date of April 16, 2024.

III. Remuneration Paid to Directors (Including Independent Directors), Supervisors, President, and Vice Presidents in the Most Recent Fiscal Year

(I) Disclosure of remuneration

1. Remuneration paid to general directors and independent directors(Names and remuneration individually disclosed):

Unit: NT$ 1,000

Title		Name	Director remuneration								Total of items A, B, C and D and ratios over net income (loss) after tax				Relevant remuneration received by concurrent employees								Total of items A, B, C, D, E, F and G and ratios over net income (profit) after tax				Remuneration received from invested companies or parent company beyond subsidiaries
			Salary (A)		Severance pay and pension (B)		Director reward (C)		Business execution fees (D)						Remuneration, bonus, and special disbursement (E)		Severance pay and pension (F)		Employee reward (G)								
			The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company		All companies in the financial report		
											Total	Ratio	Total	Ratio					Cash amount	Stock amount	Cash amount	Stock amount	Total	Ratio	Total	Ratio	
Director	Mercuries & Associates Holding, Ltd.		1,650	1,650	-	-	-	-	-	-	1,650	(0.02)%	1,650	(0.02)%	-	-	-	-	-	-	-	-	1,650	(0.02)%	1,650	(0.02)%	-
	Chairman Legal representative of Mercuries & Associates Holding, Ltd.	Wong, Chau-Shi	240	240	-	-	-	-	-	-	240	-%	240	-%	-	-	-	-	-	-	-	-	240	-%	240	-%	3,300
	Director	Chen, Shiang-Li (Note 1)	176	176	-	-	-	-	-	-	176	-%	176	-%	-	-	-	-	-	-	-	-	176	-%	176	-%	8,538
	Director Legal representative of Mercuries & Associates Holding, Ltd.	Chen, Chin-Tsai	120	120	-	-	-	-	-	-	120	-%	120	-%	-	-	-	-	-	-	-	-	120	-%	120	-%	1,500

	Director Legal representative of Mercuries & Associates Holding, Ltd.	Wong, Wei-Chyun	120	120	-	-	-	-	-	-	120	-%	120	-%	-	-	-	-	-	-	-	-	120	-%	120	-%	90
	Director	Wang, Chih-Hua	120	120	-	-	-	-	-	-	120	-%	120	-%	-	-	-	-	-	-	-	-	120	-%	120	-%	7,355
	Director Legal representative of Mercuries & Associates Holding, Ltd.	Hsu, Chin-Hsin	120	120	-	-	-	-	-	-	120	-%	120	-%	-	-	-	-	-	-	-	-	120	-%	120	-%	7,675
	Director	Cheng, Chun-Nong	2,032	2,032	-	-	-	-	-	-	2,032	(0.02%)	2,032	(0.02%)	-	-	-	-	-	-	-	-	2,032	(0.02%)	2,032	(0.02%)	-
Independent director	Independent director	Liou, Han-Tzong (Note 2)	1,207	1,207	-	-	-	-	-	-	1,207	(0.01%)	1,207	(0.01%)	-	-	-	-	-	-	-	-	1,207	(0.01%)	1,207	(0.01%)	375
	Independent director	Tu, Te-Cheng (Note 2)	1,199	1,199	-	-	-	-	-	-	1,199	(0.01%)	1,199	(0.01%)	-	-	-	-	-	-	-	-	1,199	(0.01%)	1,199	(0.01%)	630
	Independent director	Henry Yang	2,521	2,521	-	-	-	-	-	-	2,521	(0.03%)	2,521	(0.03%)	-	-	-	-	-	-	-	-	2,521	(0.03%)	2,521	(0.03%)	-
	Independent director	Kuo, Wei-Yu	2,457	2,457	-	-	-	-	-	-	2,457	(0.03%)	2,457	(0.03%)	-	-	-	-	-	-	-	-	2,457	(0.03%)	2,457	(0.03%)	-
	Independent director	Justin Tsai (Note 3)	1,298	1,298	-	-	-	-	-	-	1,298	(0.01%)	1,298	(0.01%)	-	-	-	-	-	-	-	-	1,298	(0.01%)	1,298	(0.01%)	-
1. Please explain remuneration payment policy, system, standard and structure for independent directors, as well as relevancy of factors including responsibilities assumed, risks, and input time to the amount of remuneration paid: Appropriate remuneration is paid in consideration of independent directors' professional scope and with reference to the payment standards in the same trade and market standards. Also, the reasonableness and fairness of the remuneration will be reviewed as appropriate. 2. Except information disclosed in the preceding table, remuneration received by directors of the Company in the most recent fiscal year for the provision of services to all the companies in the financial statements (e.g., serving as consultant other employee in parent company/all companies in the financial statements/invested companies): NT$ 0																										

Note 1: Newly appointed as natural-person director during director reelection on July 15, 2023.

Note 2: Newly appointed as independent director during director reelection on July 15, 2023.

Note 3: Removed from office as independent director after director reelection on July 15, 2023.

2. Remuneration paid to supervisors: Not applicable.

3. Remuneration paid to president and vice presidents (Disclose and summarize names based on ranges):

Unit: NT$ 1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special disbursement, etc. (C) (Note 1)		Amount of employee reward (D)				Total of items A, B, C and D and ratios over net income (loss) after tax (%)		Remuneration received from invested companies or parent company beyond subsidiaries
								The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
President	Chen, Hung-Sheng	9,614	9,614	108	108	5,582	5,582	-	-	-	-	15,304 (0.16%)	15,304 (0.16%)	None
Executive Vice President	Money Chang	108,888	108,888	4,712	4,712	48,866	48,866	-	-	-	-	162,466 (1.71%)	162,466 (1.71%)	700
Executive Vice President	Huang, Wen-Chung													
Senior Vice President	Lin, Ching-Hsiang													
Senior Vice President	Yuan, Hsin-Le (Note5)													
Senior Vice President	Tseng, Yu-Fang (Note 6)													
Senior Vice President	Lin, Pi-Hua (Note 3)													
Senior Vice President	Hsieh, Ming-Chin (Note 4)													
Senior Vice President	Tsao, Kuang-Chih (Note 9)													
Senior Vice President	Liu, Shu-Ying													
Vice President	Liao, Kuo-Hsien													
Vice President	Chen, Li-Chun													
Vice President	Kuo, Shu-Yi													
Vice President	Huang, Au-Hua													
Vice President	Lin, Ta-Chun (Note 2)													
Vice President	Tso, Nan-Hsing													
Vice President	Chen, Yen-Chang													
Vice President	Huang, Chiu-Yuan													

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special disbursement, etc. (C) (Note 1)		Amount of employee reward (D)				Total of items A, B, C and D and ratios over net income (loss) after tax (%)		Remuneration received from invested companies or parent company beyond subsidiaries
								The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
Vice President	Kao, Chih-Chiang													
Vice President	Tsai, Kuo-Liang													
Vice President	Liu, Rui-Yu													
Vice President	Cheng, Chih-Kai													
Vice President	Li, Chien-Hsun													
Vice President	Yang, Yi-Cheng													
Vice President	Chang, Ching-Shih													
Vice President	Hsu, Chien-Wen													
Vice President	Tien, Yu-Ping													
Vice President	Hsieh, Shu-Fang													
Vice President	Li, Yi-Chen (Note 8)													
Vice President	Chen, Chih-Hsiang (Note 7)													
Vice President	Liu, Hsien-Ru													
Vice President	Kuo, Yi-Yang													
Vice President	Chao, Hsin-Hui													
Vice President	Wu, Chung-Ru													
Vice President	Woody S.M.Fang													
Vice President	Lo, Ju-Chiang													
Vice President	Liao, Jui-Hsiung(Note 10)													
Vice President	Su, Chun-Sheng													

Table of Range of Remuneration

Range of remuneration paid to each president and vice president of the Company	Names of president and vice president	
	The Company	All companies in the financial report E
Less than NT$ 1,000,000	Lin, Ta-Chun	Lin, Ta-Chun
NT$ 1,000,000 (included)~NT$ 2,000,000 (excluded)	Yuan, Hsin-Le, Chen, Chih-Hsiang, Tsao, Kuang-Chih	Yuan, Hsin-Le, Chen, Chih-Hsiang, Tsao, Kuang-Chih
NT$ 2,000,000 (included)~NT$ 3,500,000 (excluded)	Kao, Chih-Chiang, Li, Chien-Hsun, Wu, Chung-Ru, Kuo, Yi-Yang, Chen, Li-Chun, Woody S.M.Fang, Chang, Ching-Shih, Li, Yi-Chen, Tseng, Yu-Fang	Kao, Chih-Chiang, Li, Chien-Hsun, Wu, Chung-Ru, Kuo, Yi-Yang, Chen, Li-Chun, Woody S.M.Fang, Chang, Ching-Shih, Li, Yi-Chen, Tseng, Yu-Fang
NT$ 3,500,000 (included)~NT$ 5,000,000 (excluded)	Liao, Jui-Hsiung, Hsu, Chien-Wen, Su, Chun-Sheng, Lin, Pi-Hua, Tso, Nan-Hsing, Chao, Hsin-Hui, Chen, Yen-Chang, Huang, Chiu-Yuan, Hsieh, Ming-Chin, Yang, Yi-Cheng, Lo, Ju-Chiang, Kuo, Shu-Yi, Tsai, Kuo-Liang, Cheng, Chih-Kai, Liu, Rui-Yu, Liu, Hsien-Ru, Liao, Kuo-Hsien	Liao, Jui-Hsiung, Hsu, Chien-Wen, Su, Chun-Sheng, Lin, Pi-Hua, Tso, Nan-Hsing, Chao, Hsin-Hui, Chen, Yen-Chang, Huang, Chiu-Yuan, Hsieh, Ming-Chin, Yang, Yi-Cheng, Lo, Ju-Chiang, Kuo, Shu-Yi, Tsai, Kuo-Liang, Cheng, Chih-Kai, Liu, Rui-Yu, Liu, Hsien-Ru, Liao,
NT$ 5,000,000 (included)~NT$ 10,000,000 (excluded)	Hsieh, Shu-Fang, Liu, Shu-Ying, Lin, Ching-Hsiang, Huang, Au-Hua, Tien, Yu-Ping	Hsieh, Shu-Fang, Liu, Shu-Ying, Lin, Ching-Hsiang, Huang, Au-Hua, Tien, Yu-Ping
NT$ 10,000,000 (included)~NT$ 15,000,000 (excluded)	Money Chang, Huang, Wen-Chung	Money Chang, Huang, Wen-Chung
NT$ 15,000,000 (included)~NT$ 30,000,000 (excluded)	Chen, Hung-Sheng	Chen, Hung-Sheng
NT$ 30,000,000 (included)~NT$ 50,000,000 (excluded)	—	—
NT$ 50,000,000 (included)~NT$ 100,000,000 (excluded)	—	—
Above NT$ 100,000,000	—	—
Total	38	38

(Note 1) Including share-based payment of NT$ 217,000
(Note 2) Retired on January 7, 2023

(Note 3) Newly appointed on May 22, 2023
(Note 4) Newly appointed on June 1, 2023
(Note 5) Resigned on June 1, 2023
(Note 6) Resigned on July 1, 2023
(Note 7) Resigned on July 15, 2023
(Note 8) Resigned on September 8, 2023
(Note 9) Newly appointed on November 1, 2023
(Note 10) Resigned on January 1, 2024

4. Top-5 executives of TWSE/TPEx listed companies with highest remuneration (Names and remuneration individually disclosed):

Unit: NT$ 1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special disbursement, etc. (C)		Amount of employee reward (D)				Total of items A, B, C and D and ratios over net income (loss) after tax (%)		Remuneration received from invested companies or parent company beyond subsidiaries
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chen, Hung-Sheng	9,614	9,614	108	108	5,582	5,582	-	-	-	-	15,304 (0.16%)	15,304 (0.16%)	None
Executive Vice President	Money Chang	7,783	7,783	424	424	5,323	5,323	-	-	-	-	13,530 (0.14%)	13,530 (0.14%)	None
Executive Vice President	Huang, Wen-Chung	7,055	7,055	385	385	5,671	5,671	-	-	-	-	13,111 (0.14%)	13,111 (0.14%)	None
Vice President	Hsieh, Shu-Fang	4,980	4,980	108	108	2,272	2,272	-	-	-	-	7,360 (0.08%)	7,360 (0.08%)	None
Senior Vice President	Liu, Shu-Ying	4,624	4,624	108	108	2,118	2,118	-	-	-	-	6,850 (0.07%)	6,850 (0.07%)	None

5. Names of managerial officers distributed with employee reward and distribution status:

Unit: NT$ 1,000

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount over net income after tax (%)
Managerial officers	President	Chen, Hung-Sheng	0	0	0	0.0 %
	Executive Vice President	Money Chang				
	Executive Vice President	Huang, Wen-Chung				
	Senior Vice President	Lin, Ching-Hsiang				
	Senior Vice President	Lin, Pi-Hua				
	Senior Vice President	Hsieh, Ming-Chin				
	Senior Vice President	Tsao, Kuang-Chih				
	Senior Vice President	Liu, Shu-Ying				
	Vice President	Liao, Jui-Hsiung				
	Vice President	Su, Chun-Sheng				
	Vice President	Liu, Rui-Yu				
	Vice President	Tso, Nan-Hsing				
	Vice President	Liao, Kuo-Hsien				
	Vice President	Chang, Ching-Shih				
	Vice President	Li, Chien-Hsun				
	Vice President	Yang, Yi-Cheng				
	Vice President	Tien, Yu-Ping				
	Vice President	Tsai, Kuo-Liang				
	Vice President	Hsu, Chien-Wen				
	Vice President	Hsieh, Shu-Fang				
	Vice President	Kuo, Shu-Yi				
	Vice President	Cheng, Chih-Kai				
	Vice President	Chen, Yen-Chang				
	Vice President	Chen, Li-Chun				
	Vice President	Kao, Chih-Chiang				
	Vice President	Huang, Au-Hua				
	Vice President	Huang, Chiu-Yuan				
	Vice President	Chao, Hsin-Hui				
	Vice President	Kuo, Yi-Yang				
	Vice President	Liu, Hsien-Ru				
	Vice President	Woody S.M.Fang				
	Vice President	Wu, Chung-Ru				
	Vice President	Lo, Ju-Chiang				
	Assistant Vice President	Guo, Rong-Jian				
	Assistant Vice President	Guo,Yi-Long				
	Assistant Vice President	You, Wei-Nan				
	Assistant Vice President	Chang, Cuei-Ling				
	Assistant Vice President	Li, Jhao-Yuan				
	Assistant Vice President	Chang, Che-Wei				
	Assistant Vice President	Tsao, Chih-Han				
	Assistant Vice President	Yang, Chieh-Lung				
	Assistant Vice President	Chen, Chin-Wang				
	Assistant Vice President	Chen, Li-Yung				

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount over net income after tax (%)
	Assistant Vice President	Chang, Qi-Xi				
	Assistant Vice President	Zhu, Shi-Ling				
	Assistant Vice President	Wang, Shou-Fa				
	Assistant Vice President	Hsu, Chia-Chun				
	Assistant Vice President	Hung, Shih-Han				
	Assistant Vice President	Chang, An-Chun				
	Assistant Vice President	Peng, Chih-Chuan				
	Assistant Vice President	Wang, Shun-Chi				
	Assistant Vice President	Li, Kung-Chuan				
	Assistant Vice President	Yang, Jhih-Sian				
	Assistant Vice President	Su, Yu-Jhen				
	Assistant Vice President	Li, Jing-Yang				
	Assistant Vice President	Dong, Li-Jhu				
	Assistant Vice President	Chang, Ching-Wen				
	Assistant Vice President	Lin, Kuei-Ying				
	Division-level Assistant Vice President	Sung, Chien-Hui				
	Division-level Assistant Vice President	Lin, Shu-Hui				
	Division-level Assistant Vice President	Tso, Hung-Hsuan				
	Division-level Assistant Vice President	Li, Sen-Chou				
	Division-level Assistant Vice President	Zhuang, Ya-Lun				
	Division-level Assistant Vice President	Chen, Li-Ying				
	Division-level Assistant Vice President	Yen, Chiu-I				
	Division-level Assistant Vice President	Kuan, Chun-Tang				
	Division-level Assistant Vice President	Chen,Yi-Jing				
	Division-level Assistant Vice President	Fang, Cai-Ling				

Note 1: Individual names and titles shall be disclosed, but the profit distribution may be disclosed by means of summarization.

Note 2: The amount of employee reward (including stock and cash) distributed to managerial officers based on the resolution of the Board of Directors in the most recent fiscal year shall be filled out. If this amount cannot be predicted, the amount proposed for distribution in current year will be calculated according to the ratio of amount distributed last year. Net income after tax refers to the net income after tax in the most recent fiscal year; if IFRS is already adopted, net income after tax refers to the net income after tax indicated in the individual or separate financial statements in the most recent fiscal year.

Note 3: The applicable scope of managerial officers is as follows in accordance with the provisions of Tai-Tsai-Cheng-San-Tzu No. 0920001301 Order issued by the Commission on March 27, 2003:

(1) President and officers of equivalent rank

(2) Vice president and officers of equivalent rank

(3) Assistant vice president and officers of equivalent rank

(4) Head of Finance Department

(5) Head of Accounting Department

(6) Other personnel take charge of the managerial affairs of the Company with signing right.

Note 4: The list shall be in line with incumbents on December 31, 2023.

(II) The ratio of total amount of remuneration paid by the Company and all companies in the consolidated statements to the directors, supervisors, president and vice presidents of the Company over the net income after tax in the last two years as indicated in the individual or separate financial statements are explained respectively and then analyzed, and remuneration payment policy, standards and portfolios, remuneration determination procedure, and relevancy to operational performance and future risks are explained.

1. Ratio of total amount of remuneration paid to the directors, president, and vice presidents of the Company over the net income (loss) after tax in the last two years

Item	2022		2023	
	The Company	Consolidated	The Company	Consolidated
Directors	(0.160%)	—	(0.140%)	—
President and vice presidents	(1.38%)	—	(1.87%)	—

2. The remuneration payment policy, standards, and portfolios, as well as remuneration determination procedure are as follows:

Per personnel / Item	Directors and managerial officers	Employees
Remuneration payment policy, standards, and portfolios, as well as remuneration determination procedure	1. In accordance with Article 17 of the Articles of Incorporation of the Company, the Board of Directors is authorized to negotiate and determine the remuneration paid to the directors (including independent directors) based on their participation in the corporation operation as well as value contributed and based on the normal remuneration level in the industry. 2. For the remuneration policy for managerial officers, competitive remuneration that reveals managerial officers' work performance is determined based on their work responsibilities, work experience, inflation, market level, and other relevant levels; the remuneration system is reviewed as appropriate based on the actual operating condition and relevant laws and regulations. Also, reasonable remuneration will be paid in	1. By establishing an objective remuneration system, the Company attracts excellent talents externally, and offers fairness and growth internally. The Company provides preferential starting salaries for newcomers in the market to ensure the competitive advantages of talents. Also, it evaluates salaries based on objective conditions like education, position, and ranking to achieve the goal of "Gender Equality and Equal Pay for Equal Work". At the same time, in

Item \ Per personnel	Directors and managerial officers	Employees
	comprehensive consideration of the current trend of the corporate governance, to pursue a balance between corporate sustainable management and risk control. 3. A Remuneration Committee is set up in the Company to periodically review the remuneration policies and regulations adopted for the directors and managerial officers of the Company according to "Regulations Governing Remuneration of Directors and Managerial Officers", and make suggestions to the Board of Directors. The remuneration determination principles are as follows: (1) Refer to the normal remuneration payment level in the industry, and consider the reasonableness of relevancy with individual performance, corporate operating performance, and future risks. (2) It is not advisable to lead directors and managerial officers to adopt behaviors beyond the Company's risk tolerance for the purpose of pursing remuneration. (3) Establish performance assessment and remuneration standard or structure rule based on the performance after adjustment of future risks and in coordination with the Company's long-term overall profits and shareholders' interests. (4) The payment time of remuneration shall accord with the profits after adjustment of future risks to avoid improper situations such as losses suffered after payment of remuneration. The remuneration reward shall be deferred or paid using equity with a significant proportion.	accordance with the annual business plans of each unit, the Company joins hands with employees to formulate annual performance objectives, and adjusts yearend bonus, annual salary adjustment and other relevant measures based on the results of performance evaluation to implement the linkage between performance and bonus and remuneration. The Company expects to encourage each employee to work as they can and be motivated and confident in career development by relying on the remuneration system. 2. By referring to external "Market Salary Survey" agencies, the Company manages to acquire market salary level as reference for determination of remuneration.

Per personnel / Item	Directors and managerial officers	Employees
	(5) The insurance industry shall be analyzed comprehensively during the evaluation of the contributions of directors and managerial officers to corporate profits, to find out whether such profits are obtained relying on the Company's overall advantages such as use of relatively low capital cost of the Company so that the individual contributions can be evaluated effectively. (6) The relevancy of operating performance with future risks and the distribution ratios of remuneration/reward paid to the directors of the Company shall be handled according to the provisions of Article 22 of the Articles of Incorporation. If the Company makes a profit in current year (i.e., income obtained after deduction of rewards distributed to employees and directors from the income before tax. Relevant amount audited by CPAs shall be used as the basis for calculation), it shall set aside no more than 1% of the preceding profit as director reward (not including independent directors); for remuneration paid to president and vice presidents, individual performance will be included as reference for payment in addition to the factors indicated in paragraph 3here. Therefore, the Company's operating performance directly affects the payment of remuneration.	

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

1. Information on the operation of the Board of Directors

A total of 15 (A) meetings of the Board of Directors were held in 2023, including 6 meetings convened by the 10th Board of Directors and 9 meetings convened by the 11th Board of Directors, and the attendance of the directors and supervisors as voting and nonvoting parties is as follows:

Title	Name	Attendance by person as a voting (nonvoting) party (B)	Attendance by proxy	Attendance rate (%) [B/A]	Remark
Chairman	Wong, Chau-Shi	14	1	93.33%	Reelected and reappointed as the director of the 11th Board of Directors on June 15, 2023
Director	Chen, Shiang-Li	14	1	93.33%	
Director	Chen, Chin-Tsai	14	1	93.33%	
Director	Wong, Wei-Chyun	13	2	86.67%	
Director	Wang, Chih-Hua	15	0	100%	
Director	Hsu, Chin-Hsin	14	1	93.33%	
Director	Cheng, Chun-Nong	15	0	100%	
Independent director	Kuo, Wei-Yu	15	0	100%	
Independent director	Henry Yang	15	0	100%	
Independent director	Justin Tsai	6	0	100%	Independent director of the 10th Board of Directors with term of office terminated on June 15, 2023
Independent director	Tu, Te-Cheng	9	0	100%	Reelected and newly appointed as independent director of the 11th Board of Directors on June 15, 2023
Independent director	Liou, Han-Tzong	9	0	100%	Reelected and newly appointed as independent director of the 11th Board of Directors on June 15, 2023

Other matters to be recorded:

I. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of proposals, all independent directors' opinions, and the Company's response to these opinions shall be described:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has already set up an Audit Committee according to law. In accordance with the provisions of subparagraph 1 of Article 14-5 of the Securities and Exchange Act, the provisions set forth in Article 14-3 of the Securities and Exchange Act do not apply.

(2) Matters involving objections or expressed reservations by independent directors, mentioned in records or written statements, and requiring a resolution by the Board of Directors in addition to the preceding matters: None.

II. For the execution of recusal of directors from relevant proposals for conflict of interest, names of directors,

contents of proposals, reason for recusal, and participation in voting shall be described:				
Date of meeting of the Board of Directors	Content of proposal	Recusing directors	Reason for recusal for conflict of interest	Participation in voting
January 16, 2023	Operating performance standards for the year 2023	Chairman Wong, Chau-Shi	Chairman Wong, Chau-Shi was the interested party in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi recused from voting].
February 16, 2023	Sponsorship of "2023 14th Mercuries Life Insurance Cup Teeball National Tournament & Asian Cup Teeball Representative Team Trial" held by the Teeball Promotion Association	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
May 12, 2023	Sponsorship of "2023 21st President Cup Slow Pitch Softball Championships" held by the Taiwan Slow-Pitch Softball Association	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].

June 1, 2023	Donation of NT$ 900,000 to related party "Taiwan Criminal Investigation and Prevention Association"	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
	Submission of "Proposal for Retirement Allowance of Former President and Former Vice Presidents" to the Board of Directors for discussion again in response to Insurance Bureau No. 1110463515 Letter issued by the Insurance Bureau	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
Jun. 15, 2023	Plan for signing of "Cooperation Contract" with National Chengchi University	Independent director Kuo, Wei-Yu	Independent director Kuo, Wei-Yu was the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Independent director Kuo, Wei-Yu recused from voting].
June 29, 2023	Proposal for disposal of decision-making personnel related to the case of the company for handling of investment	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen,	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai,	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director

	deficiency of "Yuanta Daily Taiwan 50 Bear -1X ETF"	Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
July 13, 2023	Revision of "Regulation Governing the Car Use of Senior Officers"	Chairman Wong, Chau-Shi	Chairman Wong, Chau-Shi was the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi recused from voting].
	Remuneration of the newly appointed independent director of Liou, Han-Tzong	Independent director Liou, Han-Tzong	Independent director Liou, Han-Tzong was the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Independent director Liou, Han-Tzong recused from voting].
	Remuneration of the newly appointed independent director of Tu, Te-Cheng	Independent director Tu, Te-Cheng	Independent director Tu, Te-Cheng was the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Independent director Tu, Te-Cheng recused from voting].
August 11, 2023	Sponsorship of "2023 37th Mercuries Taiwan Masters Invitational Golf Tournament" held by the Taiwan Masters Golf Foundation	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang,

				Chih-Hua recused from voting].
	Sponsorship of "2023 Mercuries Cup Halloween Charity Road Running" held by Simple Mart Retail Co., Ltd.	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
	Donation of NT$ 500,000 to related party "Police Research Foundation"	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
	Proposal for Purchasing of Gifts for the Mid-Autumn Festival in 2023	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen,

		Director Wang, Chih-Hua	interested parties in this proposal.	Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
November 9, 2023	Sponsorship of "2023 19th Taiwan S-P Softball Father Memorial Cup" held by the Taiwan Slow Pitch Softball Association	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].
December 21, 2023	Renewal of lease of Zhongli Service Center and parking spaces in Taoyuan District with interested party "Mercuries & Associates Holding, Ltd." & proposal for acquisition of right-of-use assets	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua	Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua were the interested parties in this proposal.	All attending directors voted unanimously for this proposal [Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Chen, Director Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua recused from voting].

III. TWSE/TPEx listed companies shall disclose self-evaluation (or peer evaluation) information of the Board of Directors, such as the evaluation cycle, period, scope, method and contents, and fil out the implementation status of evaluation of the Board of Directors in Schedule 2 (2).

IV. Objectives for the strengthening of the functionality of the Board of Directors in the current year and the most recent fiscal year (e.g., establishment of the Audit Committee, and enhancement of information transparency), and evaluation of implementation status.

(1) The Company established an Audit Committee on May 28, 2008 with main responsibilities as follows:

1. Establishment or correction of the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act, and subparagraph 1, Article 148-3 of the Insurance Act.
2. Assessment of the effectiveness of the internal control system.
3. Establishment or correction of procedures for major financial and business practices including acquisition or disposal assets, engaging in derivatives trading, lending funds to others, provision of endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
4. Establishment or correction of procedures for engaging in derivatives trading, investing in securities publicly issued and not listed in TWSE/TPEx, and privately placed securities, lending loans to stakeholders, or other transactions in accordance with the provisions of Article 146-8, Article 146-1, Article 146-3, and Article 146-7 of the Insurance Act.
5. Handling of matters concerning the vital interests of directors.
6. Handling of trading of major assets or derivatives.
7. Handling of major capital lending, endorsement, or guarantee.
8. Fundraising, issuance, or private placement of valuable securities with nature of equity.
9. Appointment, dismissal, or remuneration of CPAs.
10. Appointment or dismissal of officers in charge of finance, accounting, or internal audit.
11. Annual financial report signed or sealed by chairman, managerial officers, or accounting officer and the financial report of the second quarter that should be audited and certified by CPAs.
12. Other major matters stipulated by the Company or the competent authority.

(2) Attendance of independent directors in the 10th Board of Directors and the 11th Board of Directors in 2023 (◎: Attendance in person; ☆: Attendance by proxy; ∗: Absent)

Name of director	Henry Yang	Kuo, Wei-Yu	Justin Tsai (Term of office terminated on June 15, 2023)	Tu, Te-Cheng (Newly appointed on June 15, 2023)	Liou, Han-Tzong (Newly appointed on June 15, 2023)
Session	10th Board of Directors (January 1, 2023-June 15, 2023)				
1st session	◎	◎	◎		
2nd session	◎	◎	◎		
3rd session	◎	◎	◎		
4th session	◎	◎	◎		
5th session	◎	◎	◎		
6th session	◎	◎	◎		
Session	11th Board of Directors (June 15, 2023-December 31, 2023)				
1st session	◎	◎		◎	◎
2nd session	◎	◎		◎	◎
3rd session	◎	◎		◎	◎
4th session	◎	◎		◎	◎
5th session	◎	◎		◎	◎

6th session	◎	◎		◎	◎
7th session	◎	◎		◎	◎
8th session	◎	◎		◎	◎
9th session	◎	◎		◎	◎

(3) In addition to the Audit Committee, the functional committees established under the Board of Directors also include the Risk Management Committee (established on February 26, 2008), the Remuneration Committee (established on November 16, 2011), and the Corporate Governance and Nomination Committee (established on September 18, 2020).

(4) The Company ranked among the top 21-35% of the listed companies included in the 10th (2023) corporate governance evaluation of TWSE. Also, relevant information was summarized and made accessible in the dedicated section for corporate governance on the Company's website so that the stakeholders could acquire more transparent information disclosures.

2. Implementation status of evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents
Executed once every year (Internal evaluation) Please refer to Note 1.	June 15, 2023-December 31, 2023	Board of Directors	Self-evaluation of board members	Participation in the Company's operation, improvement in the Board of Directors' decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, and internal control
			Peer evaluation	Understanding of the Company's goals and missions, understanding of the directors' responsibilities, participation in the Company's operation, management and communication of internal relations, expertise and continuing education of directors, and internal control
	June 15, 2023-December 31, 2023	Audit Committee and Corporate Governance and Nomination Committee	Peer evaluation	Participation in the Company's operation, understanding of the functional committees' responsibilities, improvement in the functional committees' decision-making capabilities, composition of the functional committees and election of members, and internal control
	June 29, 2023-December 31, 2023	Remuneration Committee and Risk Management Committee		
Executed once every three years (External evaluation) Please refer to Note 2.	December 1, 2021-November 30, 2022	Board of Directors	Evaluation entrusted to "Taiwan Corporate Governance Association"	The scope of inspection of the performance evaluation of the Board of Directors includes eight aspects: Composition of the Board of Directors, guidance of the Board of Directors, authorization of the Board of Directors, supervision of the Board of Directors, communication of the Board of Directors, internal control and risk management, self-discipline of the Board of Directors, and others (e.g., meetings of the Board of Directors, supporting systems, etc.)

The Company has established "Measures for Performance Evaluation of the Board of Directors"

(hereinafter referred to as the Measures). In accordance with the provisions of Article 3 of the Measures, the Board of Directors shall execute annual performance evaluation in accordance with the evaluation procedures and indicators specified in Article 6 and Article 8, and shall assign a professional external independent agency or external expert/scholar team to execute evaluation at least once every three years. Also, the results of performance evaluation shall be reported at the Board of Directors. The Company reported the results of internal evaluation in 2023 at the Board of Directors on March 13, 2024, and reported the results of external evaluation in 2022 at the Board of Directors on March 9, 2023 respectively.

Note 1: Internal evaluation:

(1) Evaluation cycle: Once every year.

(2) Evaluation period: June 15, 2023-December 31, 2023 for the Board of Directors, the Audit Committee, and the Corporate Governance and Nomination Committee; June 29, 2023-December 31, 2023 for the Remuneration Committee and the Risk Management Committee.

(3) Evaluation scope: Performance evaluation of the Board of Directors, individual Board members, and functional committees.

(4) Evaluation methods: Self-evaluation of the Board members and peer evaluation.

(5) Evaluation contents:

1. Board of Directors: The measurement items adopted in the performance evaluation of the Board of Directors of the Company include at least following five aspects: Participation in the Company's operation, improvement in the Board of Directors' decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, and internal control. The measurement items adopted in the self-evaluation peer evaluation of the Board members include at least the following six aspects: Understanding of the Company's goals and missions, understanding of the directors' responsibilities, participation in the Company's operation, management and communication of internal relations, expertise and continuing education of directors, and internal control.

   The Board of Directors filled out four questionnaires in 2023 in total:

   (1) Insurance Edition-Self-evaluation: 7 questions in total.

   (2) Insurance Edition-Peer Evaluation (overall assessment): 8 questions in total.

   (3) TWSE Edition-Questionnaire for Performance Evaluation of Board of Directors: 5 aspects and 45 questions in total.

   (4) TWSE Edition-Questionnaire for Self-evaluation of Board Members: 6 aspects and 23 questions in total.

2. Functional committees: The measurement items adopted in the performance evaluation of functional committees include at least the following five aspects: Participation in the Company's operation, understanding of the functional committees' responsibilities, improvement in the functional committees' decision-making capabilities, composition of the functional committees and election of members, and internal control.

   The functional committees of the Company filled out the following questionnaires in 2023:

   (1) Audit Committee: 22 questions in total

   (2) Remuneration Committee: 20 questions in total

   (3) Risk Management Committee: 17 questions in total

   (4) Corporate Governance and Nomination Committee: 20 questions in total

(6) Evaluation results: The execution rate of performance evaluation of the Board of Directors and the functional committees of the Company reached 100% in 2023, and the evaluation result of each indicator was graded as "Excellent".

Note 2: External evaluation:

(1) Evaluation cycle: At least once every three years.

(2) Entrusted agency: Taiwan Corporate Governance Association

(3) Evaluation aspects: Composition of the Board of Directors, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the Board of Directors, and others (e.g., meetings of the Board of Directors, supporting system, etc.)

(4) Evaluation methods: Questionnaire filling and answering, written review, and on-the-post interview

(5) Summary:

1. Your company attached importance to corporate governance. In addition to accepting the corporate governance evaluation organized by the competent authority and acquiring the top 20% ranking among listed companies, your company actively participated in the evaluation of corporate governance system held by an independent third-party unit (Taiwan Corporate Governance Association) for three times and acquired certification; at the same time, your company entrusted an external professional independent agency with the performance evaluation of the Board of Directors in 2022 to realize self-improvement. Your company's determination in continually improving corporate governance and efficiency of the Board of Directors was praiseworthy.
2. The independent directors of your company have the industry expertise and practical experience in the fields of operation management, finance and accounting, actuarial studies, and risk management, and comply with the spirits of diversity of directors' specialty and functional division; these three independent directors had the courage to do the work and interacted with each other harmoniously. Also, they actively participated in the operation of the Board of Directors and made their contributions. In addition to participating in routine meetings, the independent directors utilized line groups to realize real-time communication, and took active actions, which was worthy of recognition.
3. Your company specifically arranges a pre-conference meeting of the Board of Directors annually before the business plan is submitted to the Board of Directors for discussion. Members of the Board of Directors (including independent directors) are invited to communicate the business plan (including operation environment, short-, medium-, and long-term strategies, and five-year financial forecast, etc.) with the management team. Besides, the management team reports the subsequent implementation status of the business plan to the Board of Directors every quarter. The members of the Board of Directors

interact with the management team well with smooth communication, which benefits the Board of Directors to guide and supervise.

4. Your company has appointed a Corporate Governance Officer served by a vice president who has engaged in corporate governance and discussion of official matters for as long as 10 years. The Corporate Governance Officer is responsible for organizing the meetings of the Shareholders' Meeting, the Board of Directors and each functional committee, providing directors with information needed to perform their official business, arranging directors to engage in advanced studies, and dealing with other matters related to corporate governance such as performance evaluation of directors; at the same time, the Corporate Governance Officer pays more active attention to the revision of relevant corporate governance policies by the competent authority, and makes plans in a forward-looking way, and assists the Board members in performing their duties. In a word, the Corporate Governance Officer works actively, adequately, and responsibly.

(6) Suggestions from Taiwan Corporate Governance Association, and the Company's responsive measures:

Suggestions from Taiwan Corporate Governance Association	The Company's responsive measures
1. Currently, your company appointed 10 directors, among whom there were 5 legal representatives. With reference to the international best practice, it is suggested that your company should consider reducing the seats of legal representatives or adding the seats of independent directors as appropriate in the future, to strengthen the independence of the Board of Directors.	In the 11th Board of Directors, the number of directors served by legal representatives was reduced first, and the number of directors served by general natural persons as increased. The Company will endeavor to realize this objective.
2. Your company established relevant risk management policy and mechanism, and regularly reviewed risks, and submitted the implementation results to the Risk Management Committee, the Audit Committee, and the Board of Directors. However, in consideration of the great changes	The Risk Management Department considered the relevancy of test scenarios to the environment faced as well as reasonableness thereof in the regularly executed pressure test and annual ORSA, and submitted the test results to the Risk Management Committee.

taking place to the international political and economic situations in 2022, the finance and insurance industry was significantly impacted in terms of operation. It is suggested the Board of Directors should further discuss the situations faced and responsive measures when deliberating operation strategies and risks, to continually enhance risk control.	
3. After inauguration of this Board of Directors, the Corporate Governance Officer initiatively visited the newly appointed directors and explained the operation status of the Board of Directors and functional committees to them. Also, the Corporate Governance Officer arranged supervisors from relevant business units, including General Auditor, Regulatory Compliance Officer, Chief Risk Control Officer, CPAs, and certified actuaries to brief, held a two-day orientation for newly appointed directors, and actively assisted the directors in taking office, which was worthy to be recognized. However, it is suggested that your company should document the actual conditions to establish an orientation system for the newly appointed directors and assist them in quickly mastering the status quo of your company and industrial information, to benefit the directors' functionality.	It has already been added in the work handbook of the Executive Office.

(II) Information on the operation of the Audit Committee

The Audit Committee of the Company comprises all independent directors with the objective to assist the Board of Directors in supervising the quality of accounting, auditing, financial reporting flow, and financial control executed by the Company and enhancing the performance of corporate governance. The work highlights of the Audit Committee in 2023 included:

1. Establishment or amendment of the internal control system, acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, provision of endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act, and effectiveness assessment of the internal control system.
2. Establishment or amendment of procedures for engaging in derivatives trading, investing in securities publicly issued and not listed in TWSE/TPEx, and privately placed securities, lending loans to stakeholders, or other transactions.
3. Handling of matters concerning the personal interests of directors.
4. Handling of major assets or derivatives trading, lending of capital, endorsement, or provision of guarantee.
5. Offering, issuance, or private placement of valuable securities with nature of equity.
6. Appointment, dismissal, or remuneration of CPAs and certified actuaries, and appointment or dismissal of officers in charge of finance, accounting, or internal audit.
7. Annual financial report signed or sealed by chairman, managerial officers, and accounting officer and the financial report of the second quarter that should be audited and certified by CPAs.
8. Other major matters stipulated by the Company or the competent authority.

The Audit Committee convenes at least one meeting every quarter, and may require managerial officers of relevant departments, internal auditors, CPAs, legal consultants, or other personnel to attend such meetings and provide relevant necessary information as a nonvoting party within its scope of authority.

1. Operation of the Audit Committee:

   A total of 15 (A) meetings of the Audit Committee were held in 2023, including 6 meeting convened by the 5th Audit Committee and 9 meetings convened by the 6th Audit Committee. The attendance of independent directors is as follows:

Title	Name	Attendance by person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
Independent director	Henry Yang	15	0	100%	Reelected and reappointed on June 15, 2023
Independent	Kuo,	15	0	100%	Reelected and reappointed

director	Wei-Yu				on June 15, 2023
Independent director	Tu, Te-Cheng	9	0	100%	Reelected and newly appointed on June 15, 2023
Independent director	Liou, Han-Tzong	9	0	100%	Reelected and newly appointed on June 15, 2023
Independent director	Justin Tsai	6	0	100%	Term of office terminated on June 15, 2023

Other matters to be recorded:

I. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of proposals, contents of suggestions, reservations or objections from independent directors, results of resolutions of the Audit Committee, and the Company's response to these opinions shall be described.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act

Date and session of the Board of Directors	Content of proposal and subsequent treatment	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolution not passed by the Audit Committee but approved by more than two thirds of all directors
31st meeting of the 10th Board of Directors on January 16, 2023	1. Amendment to the "Internal Control System" of the Company	✓	-
	Result of resolution of the Audit Committee (January 16, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors.		
32th meeting of the 10th Board of Directors on February 16, 2023	1. Sponsorship of "2023 14th Mercuries Life Insurance Cup Teeball National Tournament & Asian Cup Teeball Representative Team Trial" held by the Teeball Promotion Association	✓	-
	Result of resolution of the Audit Committee (February 15, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Director Chen, Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua who recused themselves from the discussion and voting of this proposal.		
33rd meeting	1. Self-prepared financial statements of the	✓	-

of the 10th Board of Directors on March 9, 2023	Company for the year 2022		
	2. Matters related to the submission of results of internal self-evaluation of internal control in 2022 and the Company's "Statement of Internal Control System"	✓	-
	Result of resolution of the Audit Committee (March 8, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ● Proposals 1 and 2 were approved and passed by all attending directors.		
35th meeting of the 10th Board of Directors on May 12, 2023	1. Additional clauses of the internal control system project contract with KMPG entrusted by the Company in 2023	✓	-
	2. Sponsorship of "2023 21st President Cup Slow Pitch Softball Championships" held by the Chinese Slow Pitch Softball Association	✓	-
	3. Proposal for appointment of managerial office (Chief Financial Officer) & Spokesperson	✓	-
	Result of resolution of the Audit Committee (May 11, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors. ●Proposal 2 was approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Director Chen, Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua who recused themselves from the discussion and voting of this proposal. ●Proposal 3 was approved and passed by all attending directors.		
36th meeting of the 10th Board of Directors on June 1, 2023	1. Donation of NT$ 900,000 to related party "Taiwan Criminal Investigation and Prevention Association"	✓	-
	2. Proposal for reporting of the new financial supervisor	✓	-
	Result of resolution of the Audit Committee (May 31, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Director Chen, Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua who recused themselves from the discussion and voting of this proposal. ●Proposal 2 was approved and passed by all attending directors.		

1st interim meeting of the 11th Board of Directors on June 15, 2023	1. Plan for signing of "Cooperation Contract" with National Chengchi University	✓	-
	Result of resolution of the Audit Committee (June 15, 2023): The proposal was approved and passed by all attending directors except Independent Director Kuo, Wei-Yu who recused himself from the discussion and voting of this proposal.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors except Independent Director Kuo, Wei-Yu who recused himself from the discussion and voting of this proposal.		
2nd meeting of the 11th Board of Directors on July 13, 2023	1. Revision of "Regulation Governing the Car Use of Senior Officers"	✓	-
	Result of resolution of the Audit Committee (July 12, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors except Chairman Wong, Chau-Shi who recused himself from the discussion and voting of this proposal.		
3rd meeting of the 11th Board of Directors on August 11, 2023	1. Self-prepared financial statements of the Company for the second quarter of 2023	✓	-
	2. Handling of issuance of new shares by capital increase by cash in 2023	✓	-
	3. Sponsorship of "2023 Taiwan Masters and the 37th Mercuries Golf Invitational Tournament" held by the Foundation for Taiwan Masters Golf Tournament	✓	-
	4. Sponsorship of "2023 Mercuries Cup Halloween Charity Road Running" held by Simple Mart Retail Co., Ltd.	✓	-
	5. Donation of NT$ 500,000 to related party "Police Research Foundation"	✓	-
	6. Proposal for Purchasing of Gifts for the Mid-Autumn Festival in 2023	✓	-
	Result of resolution of the Audit Committee (August 9, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposals 1 and 2 were approved and passed by all attending directors. ●Proposals 3, 4, 5, and 6 were approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Chen, Director Chin-Tsai, Director Wong, Wei-Chyun, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua who recused themselves from the discussion and voting of this proposal.		

4th meeting of the 11th Board of Directors on September 14, 2023	1. Proposal for issuance of common shares by private placement	✓	-
	Result of resolution of the Audit Committee (September 13, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors.		
6th meeting of the 11th Board of Directors on November 9, 2023	1. Sponsorship of "2023 19th Taiwan Slow Pitch Softball Father Memorial Cup" held by the Chinese Slow Pitch Softball Association	✓	-
	Result of resolution of the Audit Committee (November 8, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposal 1 was approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Director Chen, Chin-Tsai, Director Hsu, Chin-Hsin, and Director Wang, Chih-Hua who recused themselves from the discussion and voting of this proposal.		
7th meeting of the 11th Board of Directors on December 21, 2023	1. Proposal for appointment of CPAs in 2024	✓	-
	2. Entrustment of KPMG with the execution of QFII investment audit business for the year 2023	✓	-
	3. Renewal of lease of Zhongli Service Center and parking spaces in Taoyuan District with interested party "Mercuries & Associates Holding, Ltd." & proposal for acquisition of right-of-use assets	✓	-
	Result of resolution of the Audit Committee (December 20, 2023): Approved and passed by all members.		
	The Company's response to the opinion(s) of the Audit Committee: ●Proposals 1 and 2 were approved and passed by all attending directors. ●Proposal 3 was approved and passed by all attending directors except Chairman Wong, Chau-Shi, Director Chen, Shiang-Li, Director Wong, Wei-Chyun, Director Chen, Chin-Tsai, Director Wang, Chih-Hua, and Hsu, Chin-Hsin who recused themselves from the discussion and voting of this proposal.		
(II) Resolution matters not passed by the Audit Committee by approved by more than two thirds of all directors in addition to the preceding matters: None.			
II. For the execution of recusal of independent directors from relevant proposals for conflict of interest, names of independent directors, contents of proposals, reason of recusal, and participation in voting shall be described:			
Name of independent director	Content of proposal	Reason for recusal due to conflict of interest	Participation in voting

Kuo, Wei-Yu	Plan for signing of "Cooperation Contract" with National Chengchi University	Matters involving the interests of the director	Not involved in the discussion and voting

III. Communication of independent directors with Internal Audit Officer and CPAs (including major events, methods, results, etc. of communication regarding corporate finance and business conditions).

- Ways for independent directors to communicate with the Internal Audit Officer and CPAs

1. The independent directors had symposiums with the Internal Audit Officer and CPAs periodically, and would contact each other at any time as required. The communication was fine.
2. The Internal Audit Officer of the Company reported auditing business to independent directors in the meetings of the Audit Committee periodically, and communicated the results of audit report and the implementation status of the tracking report with the members of the Audit Committee.
3. The CPAs of the Company reported finance and internal control and audit to the independent directors in the quarterly meeting of the Audit Committee, and communicated the principles and regulations governing the handling of financial statements with them.

- Communication of independent directors with CPAs

Date and way of communication	Communication highlights	Handling and implementation result(s)
Conversion with CPAs on March 7, 2023	1. Communication of corporate governance in 2022 2. Auditing results (including key audit items) of financial report in 2022 3. Auditing status of the internal control system in 2022 4. Updating of important laws and regulations	Handled per the suggested matter(s)
Meeting of the Audit Committee on March 8, 2023	1. Auditing results of financial report in 2022 2. Statement of internal control system in 2022	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on May 11, 2023	Financial statements for the first quarter of 2023	Deliberated, passed, and submitted to the Board of Directors
Symposium with CPAs on August 1, 2023	Auditing procedures for the financial report of the 2nd quarter of 2023, key audit items, and updates of important securities	Handled per the suggested matter(s)

	management laws and regulations	
Meeting of the Audit Committee on August 9, 2023	Financial statements for the second quarter of 2023	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on November 8, 2023	Financial statements for the third quarter of 2023	Deliberated, passed, and submitted to the Board of Directors
● Communication of independent directors with the Internal Audit Officer		
Date and way of communication	Communication highlights	Handling and implementation result(s)
Meeting of the Audit Committee on January 16, 2023	1. Project audit report 2. Amendment to "Internal Control System"	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on February 15, 2023	1. General audit report-Results of recheck of subsequent improvement of deficiency of material impact 2.Trace table of improvements of deficiencies in general business inspection report (Table A) in 2022 3. Project audit report	Deliberated, passed, and submitted to the Board of Directors
Audit symposium on March 7, 2023	1. Tracking matters of previous review symposium regarding deficiency of previous internal control 2. Implementation status of audit plan of 2022 3. Overview of manpower of audit department and peer survey 4. Financial testing and penalty 5. Overrating not due to increase of investment	Handled per the suggested matter(s)
Meeting of the Audit Committee on March 8, 2023	1. Audit business report 2. Auditing results regarding the risk assessment of unethical conduct and compliance with prevention plan 3. Submission of results of self-evaluation of internal control of each department and office in 2022 as well as "Statement of	Deliberated, passed, and submitted to the Board of Directors

	Internal Control System" of the Company 4. Trace table of improvements of deficiencies in general business inspection report (Table A) in 2022 5. Project audit report 6. General audit report	
Meeting of the Audit Committee on April 19, 2023	1. Trace table of improvements of deficiencies in general business inspection report (Table B) in 2022 2. Project audit report	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on June 27, 2023	1. Audit business report 2. Trace table of improvements of deficiencies in general business inspection report (Table B) in 2022 3. Project audit report 4. General audit report	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on August 9, 2023	Trace table of improvements of deficiencies in general business inspection report (Table A) in 2022	Deliberated, passed, and submitted to the Board of Directors
Audit symposium on August 11, 2023	1. Tracking matters of previous review symposium regarding deficiency of previous internal control 2. Implementation status of audit plan in 2023 3. Overview of manpower of audit department 4. Financial testing and penalty 5. Overrating not due to increase of investment	Handled per the suggested matter(s)
Meeting of the Audit Committee on September 13, 2023	1. Audit business report 2. Trace table of improvements of deficiencies in general business inspection report (Table B) in 2022 3. Project audit report 4. General audit report	Deliberated, passed, and submitted to the Board of Directors
Meeting of the Audit Committee on November 8, 2023	1. Insurance product management operation project inspection report in 2023 2. Trace table of improvements of deficiencies in general business inspection	Deliberated, passed, and submitted to the Board of Directors

	report (Table A) in 2022 3. Project audit report	
Meeting of the Audit Committee on December 20, 2023	1. Audit business report 2. Trace table of improvements of deficiencies in insurance product management operation project inspection report (Table B) in 2023 3. Trace table of improvements of deficiencies in general business inspection report (Table B) in 2022 4. Audit plan and audit plan schedule of 2024 5. Project audit report 6. General audit report	Deliberated, passed, and submitted to the Board of Directors

2. Participation of suppliers in the operation of the Board of Directors: Not applicable since the Company didn't have a supervisor system.

(III) Operation status of corporate governance, deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established and does it disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company amended its Corporate Governance Best Practice Principles and presented it to the Board of Directors for approval with reference to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and "Corporate Governance Best Practice Principles for Insurance Companies", and disclosed it on the MOPS of TWSE and its official website.	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
2. Shareholding Structure & Shareholders' Rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation, and does the Company implement such procedures in accordance with the procedures? (2) Does the Company keep a list of its major shareholders with	✓		(1) In order to ensure the shareholder's interests, the Company has already assigned dedicated personnel to properly deal with shareholders' suggestions, concerns, and litigation, and disclosed information of contact window of the investor relations department on its website in accordance with the provisions of Article 13 of "Corporate Governance Best Practice Principles" so that shareholders may express their opinions by phone or email. (2) The Company periodically updates the list of major shareholders in accordance with the register of shareholders on book closure date,	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
controlling power as well as the ultimate owners of those major shareholders? (3) Has the Company established and does it execute a risk management and firewall system within its affiliated companies? (4) Has the Company established internal rules against insider trading and the use of undisclosed information in securities trading?			applies information on equity changes every month as stipulated, and discloses the major shareholders of top-10 shareholders as legal persons in the annual report to master the shareholding of shareholders at any time. (3) 1. The managerial authorities and responsibilities for personnel, assets, and finance between the Company and its affiliated companies are independently operated. 2. The Company has already established “Regulations for Transaction Policies and Code of Conduct Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties”, “Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties”, and “Measures for Control of Transactions with Substantial Stakeholders”. The transactions between the Company and affiliated companies shall be handled in according to the preceding regulations. (4) The Company has established “Procedures of Mercuries Life Insurance Co., Ltd. for Prevention of Insider Trading” to prevent insider trading, and conducts internal education, training, and advocacy internally on a regular basis.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a diversity policy for the composition of its members? What are the specific management objectives, and how can they be implemented?			(1) "Procedures for Election of Directors" of the Company stipulates that the election of directors should be performed in consideration of the overall structure of the Board of Directors, the members of the Board of Directors should be diversified, and an appropriate diversity policy should be drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects: (A) Basic conditions and values: Gender, age, nationality, culture, etc.;(B) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc. In the actual execution, the current Board of Directors of the Company comprises 11 members, including 1 female director. Each director has the background and professional knowledge in the fields of operation management, finance and accounting, investment, and risk management, which complies with the diversity policy.	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(2) In addition to the legally required Remuneration Committee	✓		(2) In addition to the Audit Committee and the Remuneration Committee, the Company has also established Risk Management	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
and Audit Committee, has the Company voluntarily established other functional committees? (3) Has the Company established standards and methods to evaluate the performance of the Board of Directors, conduct evaluations annually and regularly, report the evaluation results to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination and renewal?			Committee and Corporate Governance and Nomination Committee. (3) The Company began to execute director performance evaluation since 2015, and passed "Measures for Performance Evaluation of the Board of Directors" on January 31, 2018 to raise a requirement for execution of performance evaluation of the Board of Directors and functional committees once every year. A professional external independent agency or external expert/scholar team is assigned to execute performance evaluation of the Board of Directors at least once every three years. In accordance with the provisions of Article 9 of "Measures for Performance Evaluation of the Board of Directors", the results of performance evaluation of the Board of Directors will be used as reference for selection or nomination of directors; also, the results of performance evaluation of individual directors are adopted as reference for determination of their remuneration. 1. Evaluation methods: In accordance with the provisions of Article 4 of "Measures for Performance Evaluation of the Board of Directors", the evaluation methods include internal	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			self-evaluation of the Board of Directors, self-evaluation of Board members, peer evaluation, employment of professional external agency, expert(s) or other appropriate methods for evaluation performance. 2. Evaluation aspects: The measurement items determined by the Company for the performance evaluation of the Board of Directors in consideration of the corporate status and demands shall include at least the following five aspects: (1) Participation in the Company's operation (2) Improvement in the Board of Directors' decision-making quality (3) Composition and structure of the Board of Directors (4) Election and continuing education of directors (5) Internal control The measurement items adopted for the performance evaluation of the Board members (self-evaluation or peer evaluation) shall include at least the following six aspects: (1) Understanding of the Company's goals and missions (2) Understanding of the directors' responsibilities (3) Participation in the Company's operation	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(4) Management and communication of internal relations (5) Expertise and continuing education of directors (6) Internal control The measurement items adopted for the performance evaluation of functional committees shall include at least the following five aspects: (1) Participation in the Company's operation (2) Understanding of the functional committees' responsibilities (3) Improvement in the functional committees' decision-making quality (4) Composition of the functional committees and election of members (5) Internal control 3. Standards and results of performance evaluation. The grades of results of performance evaluation of the Board of Directors and functional committees of the Company are classified as "Excellent", "Good", "Ordinary", and "To be bettered". The evaluation results in 2023 were "Excellent" and each aspect was already up to standard.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(4) Does the Company regularly evaluate the independence of the CPAs?			(4) When submitting the proposal for appointment of CPAs, the Company synchronously and regularly evaluates the independence and adequacy of CPAs hired, and has obtained and reviewed Audit Quality Indicators (AQIs) from the accounting firm from 2022 to evaluate thirteen indicators in five aspects. Then, these indicators would be submitted to the Audit Committee and the Board of Directors as reference for making decisions on employment. Also, the CPAs are required to issue a statement of detached independence to confirm that no situations that harm the independence occur and a list is made for evaluation, which complies with the independent evaluation standards of the Company (Note). According to the professional ability of CPAs, their adequacy has been evaluated based on the fact that the CPAs haven't been consecutively appointed for seven years or move, or no CPAs have received penalties. The evaluation results for the year 2023 were already deliberated and passed at the meeting of the Audit Committee on December 20, 2023 and the meeting of the Board of Directors on December 21, 2023 respectively. The Company evaluated and confirmed that CPAs Chen, Chun-Kuang and Hsieh, Chiu-Hua from KPMG complied with the independence evaluation standards of the Company and were thus adequate to serve as CPAs of the Company.	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status (Note)</th><th rowspan="2">Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>(Note) The main evaluation items are summarized and additionally described as follows:
<table><tr><th>Evaluation Item</th><th>Evaluation Result</th><th>Consistent with principle of independence or not</th></tr><tr><td>The CPAs have no direct or indirect major financial interests with the Company.</td><td>Yes</td><td>ˇ</td></tr><tr><td>No financing or guarantee acts are provided for the CPAs.</td><td>Yes</td><td>ˇ</td></tr><tr><td>The CPAs have no business relations with the Company or its directors, supervisors, or official managers that affect their independence.</td><td>Yes</td><td>ˇ</td></tr><tr><td>The CPAs do not or did not serve as directors, supervisors, and managerial officers of the Company or positions having a direct material impact on the audited cases at present or in the last two years.</td><td>Yes</td><td>ˇ</td></tr></table></td><td></td></tr>
</table>

Evaluation item	Operation status (Note)					Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description			
			The CPAs do not engage in day-to-day work at the Company and receive fixed salaries.	Yes	ˇ	
			The CPAs do not provide non-auditing services that may directly affect the important items of the audited case.	Yes	ˇ	
			The CPAs haven't received gifts or special preferences from the Company, unless otherwise the value of such is insignificant.	Yes	ˇ	
4. Does the Company appoint adequate persons and a chief governance officer in charge of corporate governance matters (including, but not limited to, providing directors and supervisors with the required information for business execution, assisting directors and supervisors in	✓		In 2019, the Board of Directors passed a resolution to assign vice president Tien, Yu-Ping, who had taken charge of the discussion management of the Board of Directors and the Audit Committee as well as corporate governance related matters for more than 10 years in the Executive Office, as the Corporate Governance Officer. In 2023, Tien already completed the annual continuing education for 29.5 hours (required for more than 12 hours in relevant laws and regulations governing succession) as the Corporate Governance Officer. The main responsibilities of the Corporate Governance Officer include: "Handling			Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
following laws and regulations, handling matters in relation to Board Meetings and Shareholders' Meetings and keeping minutes at Board Meetings and Shareholders' Meetings as required by law)?			matters related to the meetings of the Board of Directors and the Shareholders' Meeting according to law", "Making meeting minutes for the Board of Directors and the Shareholders' Meeting", "Assisting directors in taking office and continuing education", "Providing directors with data needed for execution of their duties", and "Assisting directors in complying with laws and regulations", etc. The implementation status of the corporate governance business in 2023 are as follows: 1. To be responsible for the proceedings of the Board of Directors and the Shareholders' Meeting and making meeting minutes. 2. Assist the operations of the Audit Committee and the Corporate Governance and Nomination Committee. 3. Assist each unit in reviewing the implementation status of matters related to corporate governance in accordance with the governance evaluation indicators of Taiwan Stock Exchange and Taiwan Corporate Governance Association. 4. Assist directors in office-taking, regulatory compliance and execution of duties, provide data needed, and arrange directors to receive continuing education for more than 6 hours as stipulated in relevant laws and regulations.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			5. Assist the Board of Directors, each functional committee, individual directors, and peers in performance evaluation. 6. Report the review results regarding whether the qualifications of independent directors comply with relevant laws, regulations and rules to the Board of Directors. 7. Handle matters related to the changes in the directors. 8. Handle “Liability Insurance of Directors and Managerial Officers” and report it to the Board of Directors.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
5. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has already built a dedicated section for stakeholders on its official website, and disclosed communication channels and relevant contact information per the types of stakeholders. Also, the Company learns about the issues concerned by internal and external stakeholders through the stakeholder questionnaires every year, relies on a variety of regular and irregular communication channels to respond to the material corporate social responsibility issues concerned by stakeholders, and discloses relevant contents in the sustainability report. Issues concerned by stakeholders include: Policyholders: Corporate governance, risk management, economic performance, ethical corporate management, and information security Investors: Economic performance, ethical corporate management, corporate management, and risk management Employees: Employees' salaries and benefits, economic performance, ethical corporate management, corporate governance, and talent cultivation The detailed communication channels and relevant responses are shown in the dedicated sections for stakeholders and corporate sustainability on the official website or the sustainability report of the Company can be downloaded from the dedicated section for corporate sustainability. Dedicated section for stakeholders on the official website: https://www.mli.com.tw/sites/mliportal/about/communication Corporate sustainability report: https://www.mli.com.tw/esg/downloadTemplate/78	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency to deal with shareholder affairs for a long term.	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
7. Information Disclosure (1) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status? (2) Does the Company have other information disclosure channels (e.g., an English website, appointing designated people to handle information collection and disclosure, a spokesperson system, and webcasting investor conferences)?	✓ ✓	 ✓	(1) The Company has currently established its Chinese and English websites to practically disclose information regarding the Company's finance, business, and corporate governance. Chinese website: https://www.mli.com.tw English website: https://www.mli.com.tw/sites/mliportal/english/index (2) The Company implements a spokesperson system, and puts the full video recording of investor conferences in the official YouTube channel of the Company (https://www.youtube.com/channel/UCM_C37Yfh4W155ASp5XoYEg)	(1) and (2): Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(3) Does the Company announce and file annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?			(3) The Company announces and files the annual financial reports, and the first, second, and third quarterly financial reports in accordance with the provisions of Article 36 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. Annual report: Submitted to the competent authority within seventy-five days after end of each fiscal year. Second quarterly financial report: Submitted within two months after end of each half of the fiscal year. First and third quarterly financial reports: Submitted within forty-five days after end of the first quarter and the third q uarter in each fiscal year respectively.	(3) The Company announces and files the required reports in accordance with the provisions of Article 36 of the Standards for Preparation of Financial Reports in Insurance, which complies with the Corporate Governance Best Practice Principles for Insurance Companies.
8. 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 wellness, investor relations, supplier relations, stakeholder	✓		(1) Employee rights and employee wellness: The Company attaches great importance to employee rights and employee wellness, and has established regulations and measures as follows: 1. Employee welfare measures: The Company has established an Employee Welfare Committee to offer marriage subsidies, maternity subsidies, funeral subsidies, annual and festival allowances, yearend get-together dinner, local and foreign tourism subsidies, employee group insurance, employees'	Handled in accordance with the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			social organization activity, and employee benefits. 2. Employees' continuing education and training: The Company emphasizes talent development and has established "Talent Development Measures" as rules to follow in talent cultivation, education, and training. The training programs provided by the Company include management/general knowledge training, professional training, regulatory requirements, and continuing education/training for senior executives. 3. Retirement system: In order to reward the professional services rendered by internal staff and business supervisors and increase living security for them, the Company established "Measures for Retirement and Exist of Internal Staff" for internal staff, and "Measures for Retirement and Exist of Business Supervisors" and "Measures for Retirement from Preferential Settlement Projects" for business supervisors respectively. 4. The aforesaid regulations and measures have been detailed individually in "V. Labor Relations" of "V. Operational Highlights" of this annual report.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(2) Investor relations, supplier relations, and stakeholders' rights: Investor relations: The Company convenes the Shareholders' Meetings, convenes, or participates in external investor conferences according to relevant laws and regulations, and synchronously announces relevant information and data on MOPS and the Company's official website. Also, the Company has established a spokesperson system as well as an investor relations window to deal with the questions raised by investors or analysts, as well as shareholders' suggestions, concerns, disputes, and litigation; at the same time, the Company issues annual report and sustainability report every year, and releases major information in MOPS, and activity information on its website on an irregular basis. Supplier relations: The Company has established "Supplier Policy" and "Regulation Governing Supplier Selection and Management" to treat suppliers fairly and honestly. In the spirit of "A word of promise, a friend for life", the Company has established "Supplier Policy" to dedicate to joint development. Additionally, Company has	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			established “Ethical Corporate Management Best Practice Principles”, and engages in business activities with suppliers in a fair and transparent manner in principle of ethical corporate management. Also, the Company requires the colleagues and suppliers to abide by the principle of ethical corporate management and avoid directly or indirectly providing, promising, requiring, or accepting any illegitimate interests, or adopting any unethical practices that violate the principle of integrity, laws, or fiduciary duty in transactions and business execution processes. The Company also values whether the suppliers are manufacturers that respect human rights, secure workers’ safety, and duly perform the responsibility of caring about employees. By annual periodical reviews, the Company confirms the compliance of cooperative suppliers with the human rights policies as well as relevant laws and regulations. For general purchasing and service suppliers, the Company pays attention to those protecting ecology, sustaining environment, and not causing pollution during selection. When purchasing materials, the Company purchases various consumables and	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			materials with environmental protection label or manufactured using renewable resources with priority in the hope that the Earth can be protected together with others through supply chain management and the Company's policy for environmental sustainability can be fulfilled. Stakeholder rights: 1. In order to comply with the provisions of the competent authority and reinforce the procedures for transactions and other relevant matters between the Company and stakeholders, the Company established "Measures for Control of Stakeholders", "Measures for Control of Transactions with Substantial Stakeholders", "Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties", and "Regulations for Transaction Policies and Code of Conduct Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties" to effectively control the transactions between the Company and stakeholders, and enhance the safety and stability of the corporate management. 2. The Company has established principles for treating customers fairly, Ethical Corporate Management Best Practice Principle,	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			Code of Ethics, and Regulations Governing the Handling of Impeachment Cases as rules for treating each stakeholder fairly. 3. Establishment of communication channels with stakeholders: Each dedicated unit is assigned to communicate and coordinate with stakeholders. Also, the Company expressly discloses communication channels and relevant contact information per the types of stakeholders on its website, and responds to the issues concerned by stakeholders in its sustainability report. (3) Directors' continuing education: 1. Name of course: "Investment Trend of Digital Biomedical", 1.5 hours (March 13, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Chen, Chin-Tsai, 1 in total. 2. Name of course: "Enterprise Resilience, Taiwan Competitiveness", 3 hours (March 27, 2023) Sponsor: Chinese National Association of Industry and Commerce Attending director(s): Chen, Chin-Tsai, 1 in total. 3. Name of course: "IFRS17 Insurance Contracts-Representation of Financial Statements", 3 hours	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(April 12, 2023) Sponsor: Taiwan Insurance Institute Attending director(s): Henry Yang, 1 in total. 4. Name of course: Business Opportunities and Challenges in the Wave of Net-Zero, 3 hours (April 13, 2023) Sponsor: Taiwan Institute of Directors Attending director(s): Henry Yang, 1 in total. 5. Name of course: "Practice of International Anti-corruption and Whistleblower Protection & Discussion of Prevention of Money Laundering", 3 hours (April 27, 2023) Sponsor: Taiwan Insurance Institute Attending director(s): Wong, Chau-Shi, Chen, Chin-Tsai, Chen, Shiang-Li, Hsu, Chin-Hsin, Wang, Chih-Hua, Cheng, Chun-Nong, Henry Yang, and Kuo, Wei-Yu, 8 in total. 6. Name of course: "Advancing ASEAN-Issues Related to Investments in Thailand, Malaysia, India, and Vietnam", 3 hours (April 28, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Chen, Chin-Tsai, 1 in total. 7. Name of course: "Corporate Governance and Securities	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			Regulations", 3 hours (June 21, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Cheng, Chun-Nong, 1 in total. 8. Name of course: "Corporate Governance-Case Analysis of Trends and Patterns of Risk of Suspected Money Laundering or Terrorism Financing", 3 hours (June 30, 2023) Sponsor: Taiwan Securities Association Attending director(s): Wong, Wei-Chyun, Wang, Chih-Hua, Tu, Te-Cheng, and Liou, Han-Tzong, 4 in total. 9. Name of course: "2023 Cathay Sustainable Finance and Climate Change Summit", 6 hours (July 4, 2023) Sponsor: Taiwan Stock Exchange Corporation Attending director(s): Wong, Chau-Shi, 1 in total. 10. Name of course: "Changes in Product Strategy, Asset Allocation, and Risk Management after Foreign IFRS17 Conversion", 3 hours (July 27, 2023) Sponsor: Ernst & Young Attending director(s): Wong, Chau-Shi, Chen, Chin-Tsai, Wong, Wei-Chyun, Hsu, Chin-Hsin, Chen, Shiang-Li, Wang, Chih-Hua, Cheng, Chun-Nong, Kuo, Wei-Yu, Henry Yang,	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			and Liou, Han-Tzong, 10 in total. 11. Name of course: “ESG Related Legal Issues to be Considered by the Board of Directors”, 3 hours (August 10, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Kuo, Wei-Yu, 1 in total. 12. Name of course: “Governance of the Board of Directors under ESG”, 3 hours (August 11, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Wong, Wei-Chyun, 1 in total. 13. Name of course: “Recent Development Trends of ESG and Introduction to Case of Management Right, 3 hours (August 11, 2023) Sponsor: Taiwan Corporate Governance Association Attending director(s): Wong, Wei-Chyun, 1 in total. 14. Name of course: “Changes in Product Strategy, Asset Allocation, and Risk Management after Foreign IFRS17 Conversion”, 3 hours (August 15, 2023) Sponsor: Ernst & Young Attending director(s): Tu, Te-Cheng, 1 in total.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			15. Name of course: “Education, Training and Symposium of Treating Customers Fairly of the Board of Directors in 2023-Compliance and Practice of Treating Customers Fairly”, 3 hours (August 17, 2023) (September 7, 2023) (September 12, 2023) (September 22, 2023) (October 12, 2023) Sponsor: Liu & Partners Law Office Attending director(s): Wong, Chau-Shi, Chen, Chin-Tsai, Chen, Shiang-Li, Wong, Wei-Chyun, Hsu, Chin-Hsin, Wang, Chih-Hua, Cheng, Chun-Nong, Kuo, Wei-Yu, Henry Yang, Tu, Te-Cheng, and Liou, Han-Tzong, 11 in total. 16. Name of course: “Corporate Governance-Development of Trends of Net-Zero Transition at Home and Abroad and Enterprises’ Responsive Strategies”, 3 hours (September 21, 2023) Sponsor: Taiwan Securities Association Attending director(s): Wang, Chih-Hua, 1 in total. 17. Name of course: “International Carbon Management Practice and Sharing of Net-Zero Transition Trends in Financial Industry”, 3 hours (October 26, 2023)	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			Sponsor: Taiwan Institute of Directors Attending director(s): Wong, Chau-Shi, Chen, Shiang-Li, Cheng, Chun-Nong, Wang, Chih-Hua, Hsu, Chin-Hsin, Kuo, Wei-Yu, Tu, Te-Cheng, and Liou, Han-Tzong, 8 in total. 18. Name of course: “Sustainability Report at Investment Level”, 3 hours (November 9, 2023) Sponsor: National Federation of CPA Associations of the R.O.C. Attending director(s): Cheng, Chun-Nong, 1 in total. 19. Name of course: “Application of AI Tools in Professional Accounting Work”, 3 hours (November 14, 2023) Sponsor: National Federation of CPA Associations of the R.O.C. Attending director(s): Cheng, Chun-Nong, 1 in total. 20. Name of course: “Practice of Prevention of Money Laundering and Development Trends-Financial Industry as the Study Case”, 3 hours (December 13, 2023) Sponsor: National Federation of CPA Associations of the R.O.C. Attending director(s): Cheng, Chun-Nong, 1 in total.	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(4) Implementation status of risk management policies, risk measurement standards, and risk management policies: A Risk Management Committee has been established under the Board of Directors of the Company. This committee convenes meetings once every quarter. Also, regulations including “Risk Management Policy”, “Regulations Governing Asset Risk Management”, “Regulations Governing Asset-Liability Matching Risk”, “Regulations Governing Liability Risk Management”, “Regulations Governing Capital Adequacy Management”, “Regulations Governing Operating Risks”, and “Regulations Governing Risk Management for Climate Change” have been established to evaluate and manage various risks existing in the Company. Risk evaluation reports are submitted in the Risk Management Committee periodically to effectively control the overall operating risks of the Company. The implementation status of risk measurement standards includes the followings: 1. The Board of Directors effectively manages the major risks of the Company every year through risk appetite, market and credit risk quota, and periodical control and management. 2. The self-evaluation of operating risks of each department is	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			implemented, and key risk indicators are monitored periodically, and summarized to the overall operating risk evaluation report, to monitor the overall operating risks of the Company on a regular basis. 3. The Company controls and manages risks in climate change according to TCFD classification, executes quantified scenario analysis of physical and transition climate risks according to operating sites, investments, and loans, adopts qualitative analysis for remaining business, and establishes climate indicators and objectives to continually supervise their management and disclosure. (5) Implementation status of customer policies: Mercuries Life Insurance Co., Ltd. sticks to the corporate philosophy of "A word of promise, a friend for life", continually researches and develops insurance products that comply with the requirements of customers in each class with innovative thinking and technology, and matches with diversified policyholder service channels so that customers can acquire more complete policy information and safeguard their rights and interests, e.g., updating and optimization of dedicated section for online insurance purchasing and dedicated section for policyholders on the official website, provision of diversified verification methods for identification authentication services during membership registration and	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			password reissue in the dedicated section for policyholders like MID, online banking, Ibon verification, chip financial card, supermarket "Instant Code Verification", and post office card, etc., and optimization of service system in the customer service center, in the hope that policyholders from different channels can acquire the most suitable service contents, and their "love" and "responsibility" for family members can be fulfilled with the Company's assistance; in addition, relying on the huge agency teams of Mercuries Life Insurance Co., Ltd., and the localized services, professional labor division, and flexible organizational operations of the branch companies, the interests of the policyholders of the Company can be maintained, continuous growth can be stabilized, and long-term value can be created for these policyholders. At the same time, in order to implement the principle of treating customers fairly, and coordinate the corporate policy of "Improving Customer Experience", the Company convenes "Management Meeting for Treating Customers Fairly" every quarter. In addition to drafting the corresponding implementation plan, the Company has also initiated corresponding courses in the internal staff and agency education platform, and regularly reviewed the implementation status of treating customers fairly by each unit at the Board of Directors, with the	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			objective to secure policyholders' rights and interests, and successfully create the corporate culture of treating customers fairly. In order to "provide customer-centered services", Mercuries Life Insurance Co., Ltd. has continually promoted convenient, practical, quick, and satisfactory services, e.g., Claims Consortium Blockchain and Claims Medical Union, to provide better customer experience and convenience. Moreover, to improve the regional customer service quality, the Company has not only promoted relevant education and training courses, but also held relevant activities for selecting service models, to facilitate the provision of touching customer services. As a result, policyholder services become more thoughtful, and the Company's corporate culture can be better shaped, to present more beneficial advantages to the policyholders; furthermore, Mercuries Life Insurance Co., Ltd. values the establishment of long-term relationships with its policyholders, and attaches importance to the deep cultivation of policyholder market involving customer satisfaction survey, value-added service, and e-services. The service supporting system of Mercuries Life Insurance Co., Ltd. is diversified, mobile, flexible, and compact, and together with the organizing of activities targeted at social public welfare and	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			environmental protection, the Company can be steadily operated to achieve continual profitability. Also, the Company is committed to environmental protection, aims at sustainable management, and strives to become a life insurance company with the best social corporate responsibility performance through its operation. (6) In accordance with the provisions of Article 43 of its Corporate Governance Best Practice Principles, the Company began to purchase liability insurance for directors since the end of 2014; important contents like insured amount, scope of cover, and insurance premium have been submitted to the Board of Directors for deliberation. (7) The Company has established a plan for intellectual property management, and the implementation status of this plan is regularly reported to the Board of Directors. The implementation status of "Plan for Intellectual Property Management" of 2023 was already submitted to the Board of Directors on November 9, 2023, and it passed the third-party verification of Taiwan Intellectual Property Management System (TIPS) on November 27, 2023. (8) The Company has established "Director Election and Succession Planning". The nomination of director candidates for the 11th Board of Directors was executed according to "Director Election and Succession Planning"; also, the Company has established a plan for selection and	

Evaluation item	Operation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			cultivation of president and senior officers. In 2023, the Company continued to strengthen the education and training of president and senior officers, conducted talent checking, interviewed with successors, and implemented a job rotation mechanism.	
9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange Corporation's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. The Company participated in the 10th Corporate Governance Evaluation of Taiwan Stock Exchange Corporation (2023) and its evaluation result ranked among the top 21%~35% of TWSE/TPEx listed companies. Also, the Company continually reviewed and evaluated items yet to be improved based on the evaluation result, and continued to reinforce and realize corporate governance culture. The highlights are as follows: 1. The Company has established a policy for diversity of members of the Board of Directors. The nomination of directors for the 11th Board of Directors also complied with this diversity policy. 2. The physical annual general shareholders' meetings could be carried out by video conference since 2021 to make it convenient for shareholders. 3. The Company has already established a plan for intellectual property management, and obtained the verification of TIPS in 2023.				

Note: The operation status shall be described in the column of "Description" no matter if it is checked as "Yes" or "No".

(IV) Composition, responsibilities, and operation status of functional committees of the Company such as Remuneration Committee

1. Composition, responsibilities, and operation status of the Remuneration Committee

(1) Information of members of the Remuneration Committee

Condition / Per identity / Name		Professional qualification and experience	Independence status	Number of other public companies where the director holds a concurrent post of member of the Remuneration Committee
Independent director	Henry Yang (Note 1)	1. Henry Yang, as a full member of Society of Actuaries (SOA), served as the chairman of SOA and the president of Reinsurance Group of American (RGA) Taiwan Branch with abundant experience in corporate governance, actuarial studies, and management. 2. The professional qualifications for the insurance were acknowledged in accordance with Chin-Kuan-Pao-Shou-Tzu No. 1090142468 Letter issued by the FSC on August 14, 2020.	Note 2	—
Independent director	Liou, Han-Tzong (Note 1)	Liou, Han-Tzong served as chairman of Horizon Securities Co., Ltd., and currently serves as independent director of Mercuries & Associates Holding, Ltd. with abundant experience in securities and corporate management.	Note 2	—
Independent director	Tu, Te-Cheng (Convener) (Note 1)	Tu, Te-Cheng served as chairman of PharmaEngine Inc. and president of President International Development Corp., and currently serves as independent director of SCI Pharmtech, Inc. and independent director of Mercuries & Associates Holding, Ltd. with abundant experience in corporate governance and management.	Note 2	—

Note 1: It is confirmed through periodic review that circumstances stipulated in each paragraph of Article 30 of the Company Act haven't occurred.

Note 2: It is confirmed through review that independent directors were not involved in the following circumstances two years prior to election, i.e., term of office, or complied with the exceptions regarding the concurrent office-taking between independent directors of parent company, subsidiaries or subsidiaries under the same parent company in accordance with Article 3-2 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:

(1) The independent directors serve as the directors, supervisors or employees of the Company, or affiliated enterprises of the Company, and companies having specific relation with the Company.

(2) The spouse and relatives within the second degree of kinship of the independent directors serve as directors, supervisors or employees of the Company, or affiliated enterprises of the Company.

(3) The independent directors and their spouses and underage children hold more than one percent of the total number of shares already issued by the Company themselves or in the name of others, or act as individual shareholders with shareholding ranking the top 10.

(4) The independent directors work for service agencies that provide services of commerce, legal affairs, finance, and accounting for the Company or its affiliated enterprises.

(5) The independent directors obtain rewards for providing services of commerce, legal affairs, finance, and accounting for the Company or its affiliated enterprises.

(2) Responsibilities of the Remuneration Committee

The Remuneration Committee of the Company evaluates the remuneration policy and system of the Company for its directors and appointed managerial officers in a professional and objective position, and makes suggestions to the Board of Directors as reference for its decision-making. The main responsibilities of the Remuneration Committee are as follows:

A. Determine and periodically review the performance evaluation and remuneration policy, system, standards, and structure of directors and appointed managerial officers.

B. Review and determine the remuneration of directors and appointed managerial officers on a regular basis.

C. Determine performance evaluation and remuneration standards of agents and corresponding insurance brokers and agents.

(3) Number of meetings of the Remuneration Committee convened, and members' attendance:

A. The Remuneration Committee of the Company consists of 3 members.

B. Term of office of members of this Remuneration Committee: From July 29, 2023-June 14, 2026. In 2023, a total of 7 (A) meetings of the Remuneration Committee were held. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
Convener	Tu, Te-Cheng	3	0	100%	Newly appointed after reelection of committee members on June 29, 2023
Member	Henry Yang	7	0	100%	Reappointed after reelection of committee members on June 29, 2023
Member	Liou, Han-Tzong	3	0	100%	Newly appointed after reelection of committee members on June 29, 2023
Convener (former)	Justin Tsai	4	0	100%	Resigned after reelection of committee members on June 29, 2023

Other matters to be recorded:

I. If the Board of Directors does not adopt or correct the suggestions made by the Remuneration Committee, it shall explain date and session of meeting of the Board of Directors, content of proposal, resolution results of the Board of Directors as well as the Company's response to the opinions of the Remuneration Committee (if the remuneration passed by the Board of Directors is superior to that suggested by the Remuneration Committee, the deviation and reason shall be explained): None.

II. As for the resolution matters of the Remuneration Committee, if any member raises an opposing or reserves his/her opinion with relevant written statement, the date and session of the Remuneration Committee as well as content of proposal, all members' opinions and handling of these opinions shall be explained: None.

Notes: 1. If a member of the Remuneration Committee resigns prior to the ending date of the current year, the date of resignation shall be specified in the remark column, and the actual attendance rate (%) shall be calculated according to the number of meetings convened by the Remuneration Committee during the term of office of this member as well as the number of meetings attended by this member.

2. If the Remuneration Committee is reelected prior to the ending date of the current year, the newly appointed and the former members of the Remuneration Committee shall be filled out and listed, and information including former, newly appointed, or consecutively appointed members as well as date of election shall be specified in the remark column. The actual attendance rate (%) shall be calculated according to the number of meetings convened by the Remuneration Committee during the term of office of these members as well as the number of meetings attended by them.

(4) Operation status of the Remuneration Committee

Meeting of the Remuneration Committee	Content of proposal	Resolution result	The Company's response to the opinions of the Remuneration Committee
1st meeting in 2023 January 16, 2023	Standards for measurement of performance of management executives in 2023	Approved by all members	Approved by the Board of Directors as proposed
2nd meeting in 2023 February 15, 2023	1. Proposal for remuneration of appointed managerial officers-Calculation and amendment of management executives' bonuses 2. Management executives' performance bonus in 2022 and salary verification and approval in 2023 3. Salary verification and approval of application for promotion of a Senior Vice President in 2023	Approved by all members	Approved by the Board of Directors as proposed

Meeting of the Remuneration Committee	Content of proposal	Resolution result	The Company's response to the opinions of the Remuneration Committee
3rd meeting in 2023 May 11, 2023	1. Proposal for performance evaluation report of the Board of Directors and functional committees in 2022 2. Submission and presentation of remuneration of newly appointed Chief Information Officer 3. Submission and presentation of remuneration of newly appointed Chief Financial Officer and Spokesperson	Approved by all members	Approved by the Board of Directors as proposed
4th meeting in 2023 May 31, 2023	Response to Pao-Chu (Shou) Tzu No. 1110463515 Letter issued by the Insurance Bureau	Approved by all members	Approved by the Board of Directors as proposed
5th meeting in 2023 July 12, 2023	1. Proposal for remuneration of director Chen, Shiang-Li 2. Proposal for remuneration of the newly appointed independent director of Liou, Han-Tzong 3. Proposal for remuneration of newly appointed independent director Tu, Te-Cheng 4. Submission and presentation of "Regulation Governing the Car Use of Senior Officers"	Approved by all members	Approved by the Board of Directors as proposed
6th meeting in 2023 October 26, 2023	Submission and presentation of remuneration of the new Chief Investment Officer	Approved by all members	Approved by the Board of Directors as proposed
7th meeting in 2023 December 20, 2023	1. Submission and presentation of salary verification and approval of four supervisors promoted to Vice Presidents 2. Submission and presentation of salary verification and approval of newly appointed supervisor (Vice President) of Recurring Income Department	Approved by all members	Approved by the Board of Directors as proposed

2. Composition, responsibilities and operation status of the Risk Management Committee

(1) Responsibilities of the Risk Management Committee:

In accordance with "Articles of Incorporation of the Risk Management Committee" of the Company, the main responsibilities of this committee include:

A. Draft risk management policy, structure, and organizational functions, establish qualitative and quantitative management standards, submit reports to the Board of Directors on a regular basis, report the implementation status of risk

management to the Board of Directors as appropriate, and make necessary suggestions on improvement.

B. Execute the risk management decisions made by the Board of Directors, and periodically review the development, establishment, and execution efficiency of the overall risk management mechanism of the Company.

C. Assist and supervise each department's risk management activities.

D. Adjust risk types, risk limit allocation and undertaking method in consideration of environmental changes.

E. Coordinate the cross-departmental interaction and communication of risk management functions.

(2) Number of meetings of the Risk Management Committee convened, and members' attendance:

A total of 7 meetings of the Risk Management Committee were held in 2023, including 4 formal meetings and 3 interim meetings.

In accordance with the edition of "Articles of Incorporation of the Risk Management Committee" released on July 17, 2020, it was amended that the members of this committee would be appointed according to relevant resolution made by the Board of Directors, and an independent director with required professional background was assigned to serve as the convener.

On July 23, 2021, the Board of Directors passed a resolution to rename "Articles of Incorporation of the Risk Management Committee" to "Rules of Organization of the Risk Management Committee".

The table below indicates the attendance of convenor and members:

Title	Name	Attendance by person (B)	Attendance by proxy	Required attendance (A)	Actual ratio of attendance as a voting (nonvoting) party (B/A)
Independent director (Newly appointed member) (Note 2)	Liou, Han-Tzong	4	0	4	100%
Independent director (Newly appointed member) (Note 2)	Tu, Te-Cheng	4	0	4	100%
Independent director (Newly appointed member) (Note 2)	Kuo, Wei-Yu	7	0	7	100%
Director (Newly appointed	Cheng, Chun-Nong	6	1	7	85.7%

Title	Name	Attendance by person (B)	Attendance by proxy	Required attendance (A)	Actual ratio of attendance as a voting (nonvoting) party (B/A)
member) (Note 2)					
Director (Newly appointed member) (Note 2)	Chen, Shiang-Li (Note 1)	7	0	7	100%
Independent director (former member)	Justin Tsai	3	0	3	100%
Independent director (former member)	Henry Yang	3	0	3	100%

Note 1: The Board of Directors approved the appointment of director Chen, Shiang-Li as a member of the Risk Management Committee on September 15, 2022.
Note 2: The interim meeting of the Board of Directors approved the appointment of independent director Liou, Han Tzong, independent director Tu, Te-Cheng, independent director Kuo, Wei-Yu, director Cheng, Chun-Nong, and director Chen, Shiang-Li as the newly appointed members of the Risk Management Committee, and independent director Liou, Han Tzong as the convener on June 29, 2023.

(3) Main education and experience of the members of the Risk Management Committee:

Title	Name	Main education and experience
Independent director	Liou, Han-Tzong	Highest education qualification: Master, the Duke Center for International Development Main experience: Chairman of Horizon Securities Co., Ltd. Concurrent post(s) held in the Company and other companies: Director of China Investment & Development Co., Ltd. and supervisor of Tahua Venture Investment Co., Ltd.
Independent director	Tu, Te-Cheng	Highest education qualification: MBA, University of Houston Main experience: Chairman of Xuanhe Technology Co., Ltd., chairman of PharmaEngine Inc., and director of Coretronic Corporation Concurrent post(s) held in the Company and other companies:

Title	Name	Main education and experience
		Independent director of Mercuries & Associates Holding, Ltd., independent director of SCI Pharmtech, Inc., and supervisor of Shangda Investment Co., Ltd.
Independent director	Kuo, Wei-Yu	Highest education qualification: PhD in Financial Economics, Department of Economics, University of Cambridge, UK Main experience: Director of Bank of Taiwan and independent director of Kim Forest Enterprise Co., Ltd. Concurrent post(s) held in the Company and other companies: Distinguished professor, Department of International Business, National Chengchi University, independent director of Connection Technology Systems Inc., and independent director of Chi Hua Fitness Co., Ltd.
Director	Cheng, Chun-Nong	Highest education qualification: Department of Accounting, National Chengchi University Main experience: Chief account of Ernest & Young Concurrent post(s) held in the Company and other companies: CPA of Liangdong Accounting Firm, director of Liangdong Investment Co., Ltd., executive supervisor of Risk Management Society of Taiwan, independent director & Remuneration Committee member of Locus Cell Co., Ltd., and director of Center for Asia-Pacific Resilience and Innovation

Title	Name	Main education and experience
Director	Chen, Shiang-Li	Highest education qualification: MBA, Georgetown University, USA Main experience: Chairman & President of Mercuries & Associates Holding, Ltd. Concurrent post(s) held in the Company and other companies: Chairman and president of Mercuries & Associates Holding, Ltd., chairman of Mercuries General Media, Inc., chairman of Mercuries Leisure Co., Ltd., chairman of Shanghong Investment Co., Ltd., director of Mercuries & Associates, Ltd., director of Mercuries Data Systems Ltd., director of Mercuries Liquor & Food Co., Ltd., director of Mercuries F&B Co., Ltd., director of SCI Pharmtech, Inc., director of Mercuries Fu Bao Co., Ltd., director of Simple Mart Retail Co., Ltd., director of Shangling Investment Co., Ltd., director of Simple Mart Plus Co., Ltd., director of Foundation for Taiwan Masters Golf Tournament, director of Foundation of Chinese Dietary Culture, chairman of Chinese Slow Pitch Softball Association, and executive director of Teeball Association.
Independent director	Justin Tsai	Highest education qualification: MBA, Indiana University, USA Main experience: President of Ta Chong Bank, and president of Taishin International Bank Concurrent post(s) held in the Company and other companies: Director of Chang Wah Technology Co., Ltd., director of Gold Circuit Electronics Ltd., and independent director of ALi Corporation

Title	Name	Main education and experience
Independent director	Henry Yang	Highest education qualification: Master, Institute of Actuarial Sciences, Georgia State University, USA Main experience: President of Reinsurance Group of American (RGA) Taiwan Branch, Actuarial Institute of Chinese Taipei, and president of Deloitte Touche Tohmatsu (Trowbridge) Actuarial Consulting Management Taiwan Branch

(4) Operation status of the Risk Management Committee

- The committee convenes at least one meeting every quarter, and may convene meetings at any time as needed, as well as submits reports to the Board of Directors periodically.
- A total of 7 meetings of the Risk Management Committee were held from January 1, 2023 to December 31, 2023, including 4 formal meetings (quarterly) and 3 interim meetings.
- The contents of proposals included market risks, credit risks, insurance risks, asset-liability matching risks, operating risks, etc.
- Consensus was reached in the committee regarding all proposals, and no objection was raised.

3. Composition, responsibilities and operation status of the Corporate Governance and Nomination Committee

(1) Responsibilities of the Corporate Governance and Nomination Committee:

In accordance with "Rules of Organization of the Corporate Governance and Nomination Committee" of the Company, the main responsibilities of this committee are to adhere to the authorization of the Board of Directors, faithfully perform the following functions and powers with duty of care as a kindhearted administrator, and submit suggestions to the Board of Directors for discussion:

A. Establish diversity background and independence standards of professional knowledge, skills, experience, and genders required of the members of the Board of Directors and senior managerial officers, and search, audit, and nominate the candidates of directors and senior managerial officers on this basis.
B. Establish and develop the organizational structures of the Board of Directors and each committee.
C. Establish and annual review plans for directors' continuing education.
D. Establish the Corporate Governance Best Practice Principles of the

Company.

E. Formulate and supervise the execution of the ethical corporate management policy and prevention plans.
F. Carry out performance evaluation of the Board of Directors and each functional committee.

(2) Professional qualifications and experience of members of the Corporate Governance and Nomination Committee, and the committee's operation status:

The 1st Corporate Governance and Nomination Committee of the Company comprises 5 members, among whom 1 resigned on April 14, 2022.

Term of office of members of the 1st Corporate Governance and Nomination Committee: September 18, 2020-June 15, 2023. A total of 4 (A) meetings of the Corporate Governance and Nomination Committee were held in 2023 (January 1, 2023-June 15, 2023). The professional qualifications, experience, and attendance of the members are as follows:

Title	Name	Professional qualifications and experience	Attendance by person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
Independent director Convener)	Justin Tsai	MBA, a former president of Ta Chong Bank and Taishin International Bank, with abundant experience in corporate governance and management	4	0	100%	
Director	Cheng, Chun-Nong	CPA, a former director and CPA of Ernst & Young, and currently the chairman of the Remuneration Committee and the Audit Committee of Mercuries Life Insurance Co., Ltd., with abundant experience in corporate governance, accounting, and management	4	0	100%	
Independent director	Henry Yang	Master of Actuarial Science, a full member of Society of Actuaries (SOA) and a former president of Reinsurance Group of	4	0	100%	

Title	Name	Professional qualifications and experience	Attendance by person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
		American (RGA) Taiwan Branch, with abundant experience in corporate governance, actuarial studies, and management.				
Independent director	Kuo, Wei-Yu	PhD in Financial Economics, a professor of Department of International Business and a former director of Bank of Taiwan and a former independent director of Chi Hua Fitness Co., Ltd., with abundant experience in risk management and corporate governance.	4	0	100%	

The 2nd Corporate Governance and Nomination Committee of the Company comprises 3 members.

Term of office of members of the 2nd Corporate Governance and Nomination Committee: June 15, 2023-June 14, 2026. A total of 3 (A) meetings of the Corporate Governance and Nomination Committee were held in 2023 (June 15, 2023-December 31, 2023). The professional qualifications, experience, and attendance of the members are as follows:

Title	Name	Professional qualifications and experience	Attendance by person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
Independent director (Convener)	Kuo, Wei-Yu	PhD in Financial Economics, a professor of Department of International Business and a former director of Bank of Taiwan and a former independent director of Chi Hua Fitness Co., Ltd., with abundant experience in risk management and corporate governance.	3	0	100%	

Director	Cheng, Chun-Nong	CPA, a former director and CPA of Ernst & Young, and currently the chairman of the Remuneration Committee and the Audit Committee of Mercuries Life Insurance Co., Ltd., with abundant experience in corporate governance, accounting, and management	3	0	100%	
Independent director	Henry Yang	Master of Actuarial Science, a full member of Society of Actuaries (SOA) and a former president of Reinsurance Group of American (RGA) Taiwan Branch, with abundant experience in corporate governance, actuarial studies, and management.	3	0	100%	

Operation status of the Corporate Governance and Nomination Committee:

Meeting date and session of the Corporate Governance and Nomination Committee	Content of proposal	Resolution result	Company's subsequent treatment of the resolution result
5th interim meeting of the 1st Corporate Governance and Nomination Committee on February 15, 2023	1. Recent implementation status of selection and cultivation planning of president and senior officers in 2022 2. Proposal for promotion (appointment) of senior officers.	Approved by all members	Approved by the Board of Directors as proposed
6th meeting of the 1st Corporate Governance and Nomination Committee on March 6, 2023	1. Amendment to the Corporate Governance Best Practice Principles	Approved by all members	Approved by the Board of Directors as proposed

6th interim meeting of the 1st Corporate Governance and Nomination Committee on April 20, 2023	1. Proposal for nomination of directors of the 11th Board of Directors	Approved by all members	Approved by the Board of Directors as proposed
7th interim meeting of the 1st Corporate Governance and Nomination Committee on May 11, 2023	1. Proposal for employment of managerial officer (Chief Information Officer) 2. Proposal for appointment of managerial office (Chief Financial Officer) & Spokesperson	Approved by all members	Approved by the Board of Directors as proposed
1st meeting of the 2nd Corporate Governance and Nomination Committee on June 29, 2023	1. Proposal for appointment of members of the 5th Remuneration Committee 2. Members of the Risk Management Committee and appointment of convener of this committee	1. Approved by all members 2. Approved by all members except director Cheng, Chun-Nong who didn't participate in the discussion and voting.	Approved by the Board of Directors as proposed
1st interim meeting of the 2nd Corporate Governance and Nomination Committee on October 26, 2023	1. Proposal for employment of managerial officer (Chief Investment Officer)	Approved by all members	Approved by the Board of Directors as proposed
2nd meeting of the 2nd Corporate Governance and Nomination Committee on December 20, 2023	1. Amendment to the Corporate Governance Best Practice Principles 2. Review of continuing education of directors in 2023 and plan for continuing education of directors in 2024 3. Plans for performance evaluation of the Board of Directors and functional	Approved by all members	Approved by the Board of Directors as proposed

	committees in 2023		

(V) Implementation status of promotion of sustainable development

1. Implementation status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Promotion item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors? (TWSE/TPEx listed companies shall fill out the implementation status, not compliance or interpretation.)	✓		1. The Company established "Corporate Social Responsibility Policy of Mercuries Life Insurance Co., Ltd." in 2020, and this policy was renamed to "Sustainable Development Policy of Mercuries Life Insurance Co., Ltd." in the meeting of the Board of Directors held in March 2022. Also, with reference to "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" jointly established by Taiwan Stock Exchange and Taipei Exchange, the Company established "Mercuries Life Insurance Co., Ltd. Corporate Social Responsibility Best Practice Principles" in 2011. In the meeting of the Board of Directors held in March 2022, with reference to "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", "Corporate Social Responsibility Best Practice Principles" was amended and renamed as "Mercuries Life Insurance Co., Ltd. Sustainable Development Best Practice Principles.", with the objective to expand the concept of corporate social responsibility emphasized to sustainable development to manage the economic, environmental, and social risks of the Company and their impacts. The Executive Office governed by the president has been authorized to formulate relevant policies, systems, and management guidelines, and draft	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
			and execute specific action plans according to the aforesaid principles for the purpose of implementing corporate sustainability in three aspects, i.e., environment, society, and governance. At the same time, the Executive Office is responsible for integrating internal resources, searching and summarizing the results of communication of each department with stakeholders of the Company during business on a regular basis, preparing a report that includes such results, and presenting it to the Board of Directors before publication. Also, the sustainable results of the previous year are reported to internal and external stakeholders. 2. The Board of Directors convenes a regular meeting every quarter, and interim meeting(s) on an irregular basis as needed. The Board of Directors leads the major decisions and operational direction of the Company, including ESG issues regarding economy, environment, and society, and reviews the implementation effect. The president reports the finance and business operations of the Company to the Board of Directors periodically every quarter. In 2023, the president reported for 4 times in total. To be specific, the president submitted business plan for the next year at the yearend or beginning of next year, and established annual business plan and operating objectives for the next year. 3. To strengthen the management of the corporate sustainable development, the Company established an organizational structure of “ESG Taskforce” in December 2022 with the president as the convener and the Executive Office, i.e., the secretarial unit in responsible for promoting corporate sustainability, responsible for communication and integration. Also, the ESG Taskforce is divided into Environment Team, Society Team, and Corporate Governance Team per the nature of authority. The ESG	

Promotion item	Implementation status (Note 1)			Deviations from
			Taskforce plans to convene meetings every quarter, to track the implementation status of corporate sustainable development. It reports the work to the Board of Directors regularly every year, to strengthen the management of ethical corporate management and sustainable development by the Board of Directors. In 2022, the ESG Taskforce convened a total of 4 meetings, with convening dates and agenda summarized as follows: (1) March 24, 2023: Confirmation of Sustainability Material Topics and ESG Goals, and Greenhouse Gas Inventory and Assurance Progress Report (2) June 19, 2023: Planning of the First Sustainable Finance Appraisal and Evaluation and Implementation Results of Information Disclosure (3) September 26, 2023: Climate Risks and Opportunities and Due Diligence Report (4) December 27, 2023: Sustainable Action Plan for 2024 & Scheduling of Preparation of Sustainability Development and Environment & Talent Sustainability Work in 2023	
2. Has the Company implemented a risk evaluation of issues related to corporate operations, including environment, society and corporate governance, according to the materiality principle and established relevant risk management policies or strategies? (Note 2)	✓		1. This data disclosure covered the sustainable development performance of each operating site of the Company in Taiwan from January 2023 to December 2023, and the whole Company was included in the scope of the risk evaluation boundary. 2. To manage the economic, environmental, and social risks of the Company and their impacts, “Mercuries Life Insurance Co., Ltd. Sustainable Development Policy” was approved according to the resolution of the Board of Directors. Also, with reference to “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
(TWSE/TPEx listed companies shall fill out the implementation status, not compliance or interpretation.)			Companies" jointly established by Taiwan Stock Exchange and Taipei Exchange, the Company established "Mercuries Life Insurance Co., Ltd. Sustainable Development Best Practice Principles". The Executive Office governed by the president has been authorized to formulate relevant policies, systems, and management guidelines, and draft and execute specific action plans for the purpose of promoting issues related to sustainable development, summarize the results of the internal annual engagement of the Company, prepare a sustainability report, and report it to the Board of Directors before publication. Also, the report is disclosed on MOPS and the Company's official website. 3. The Company values stakeholders' opinions and expectations, and learns about the issues concerned by different stakeholders regarding environment, society, and corporate governance every year by using stakeholder questionnaire survey through its official website. Also, internal questionnaire and meeting discussion are adopted to authenticate the major corporate sustainability issues of Mercuries Life Insurance Co., Ltd., to further evaluate the actual/potential positive/negative impact of each issue on the economy, environment, and society given the corporate operating activities and management. In consideration of major issues authenticated, the Company drafts corresponding management policies and evaluation mechanism to track the fulfillment of objectives every year, and disclose the evaluation results in the sustainability report to manage the sustainability issues. 4. In 2023, the material topics of the Company were ethical corporate management, corporate governance, treating customers fairly, and customer experience. Risk control strategies adopted to address ESG topics	

<table>
<tr><th>Promotion item</th><th colspan="4">Implementation status (Note 1)</th><th>Deviations from</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">are as follows:</td><td></td></tr>
<tr><td></td><td></td><td></td><td colspan="2"><table>
<tr><th>Aspect</th><th>Risk evaluation item</th><th>Description</th></tr>
<tr><td rowspan="2">Governance</td><td>Valuing corporate governance</td><td rowspan="2">1. Establish Corporate Governance Best Practice Principles, safeguard shareholders’ rights and interests, strengthen the functionality of the Board of Directors, and purchase liability insurance for directors.
2. Respect stakeholders’ rights and interests, and improve information transparency.
3. Establish Ethical Corporate Management Best Practice Principles and require directors, managerial officers, and employee to follow these principles, with the objective to prevent corruption and bribery.
4. Handle risk evaluation of unethical practices, analyze and evaluate business activities with relatively high risks of unethical practices within the scope of business, and analyze and review the risks on this basis.</td></tr>
<tr><td>Following ethical corporate management</td></tr>
<tr><td>Society</td><td>Promoting treating customers fairly and optimizing customer experience</td><td>1. Review the implementation status of the Company’s principle of treating customers fairly, to protect policyholders’ rights and interests and shape its culture of treating customers fairly.
2. Convene meetings for the management of treating customers fairly on a regular basis, review the promotion status, and report to the Board of Directors, to comply with the emphasis of the Board</td></tr>
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Promotion item	Implementation status (Note 1)						Deviations from
						of Directors on promoting the aforesaid principle and its specific actions. 3. The Company passed the continual review of full-system certification of ISMS Information Security Management System (ISO27001) and verification of PIMS Personal Information Management Systems (BS 10012). The scope of verification covers the whole company (including head office, branch companies, service centers, regional divisions, and agency offices), to ensure that high-quality services are provided to the customers, and customers' personal data is properly protected.	
					Caring about employees	1. Build a diversified, inclusive, safe, and equal workplace environment according to relevant labor regulations. 2. Establish human rights policies, adhere to the principle "equal pay for equal work" for both male and female employees, and create a workplace with gender equality.	
					Active social participation	Establish administrative measures for donation, abide by statutory and regulatory provisions in a standardized way, and comply with the purpose of promoting social public welfare or academic research and development.	
				Environment	Strengthening environmental management and promoting sustainable	1. The Company has established environment policies and promised to implement energy conservation and carbon emission reduction, reduce the emissions of greenhouse gases, and	

Promotion item	Implementation status (Note 1)						Deviations from
					environment	follow relevant laws and regulations. 2. Establish a climate change risk and opportunity management mechanism according to "Guidelines on Climate-related Financial Disclosures of Insurance Companies". 3. The Company has complied with environment related standards by acquiring certification of ISO14001 Environmental management systems and GHG inventory assurance. The Company further expanded the inventory verification of carbon emissions of all operating sites of the Company since 2022, and established carbon emission reduction goals for the greenhouse gas emissions in the future.	
3. Environmental issues (1) Has the Company established an environmental management system suitable for the industry in which it operates?	✓		The maximum impact of the life insurance industry on the environment lies in the consumption of energy sources and paper. The Company has established "Mercuries Life Insurance Co., Ltd. Environmental Policy" to actively promote e-services for reducing the use of paper, preferentially purchase equipment and products with energy-saving labels, and lower the total carbon emissions, etc. Relevant results have also been publicly disclosed in the sustainability report and on the Company's website. (https://www.mli.com.tw/esg/generalTemplate/111) The Company began to entrust consultants to guide the head office to implement ISO 14064-1 GHG inventory certification since 2017; in 2022, the Company expanded the inventory verification of all operating sites in Taiwan, completed the greenhouse gas inventory verification of the whole organization,				No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
			and obtained relevant assurance report from PwC Taiwan. At the same time, the Company has established and achieved greenhouse gas reduction objectives. Besides, the Company also strengthens its responsive capacity when facing climate change and addresses risks and opportunities through the acquisition of certification of ISO 14001 Environmental management systems.	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	✓		To implement low-carbon operation and coordinate the policies from the competent authority, the Company actively takes environmental management actions, including energy conservation and carbon reduction, green procurement, and renewable energy utilization, to lower the negative impact of its operation on the environment. The specific measures adopted by the Company are listed as follows: 1. The operation buildings either green buildings or made of green building materials, and renewable energy is utilized for power generation. The enterprise headquarters building of the Company in Neihu District obtained “Green Building Label”, and completed the settings of solar photovoltaic energy-saving equipment, which showcased the active actions adopted by the Company to participate in the environmental greening and energy conservation. The Company has set up 36 pieces of 370W high-efficiency solar photovoltaic modules. In 2023, the solar panels generated approximately 3,000kWh electricity. Green building materials are used in Taichung Wenxin Building. For example, double glazing and sheathing paper are adopted to effective block heating sources and reduce energy expenditure. Also, relatively low building coverage ratio is adopted to increase the greening space. At the same time, 82 solar energy panels are installed on the roof of this building with the installed capacity of each panel as approximately 195W. In 2023, the solar	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
			panels generated approximately 4,000kWh electricity. 2. In response to the principle of green procurement, the Company purchases equipment and products with energy-saving labels with priority. In 2023, the Company replaced old equipment with computers, LCD screens and laptops with environment-friendly labels. 3. The Company properly manages energy and resources, water resources, and waste, and implements supply chain management. The Company has successively replaced the old air-conditioning facilities to reduce power consumption, and continually publicized the concepts of energy conservation and carbon reduction; also, waste classification and resource recycling are implemented in each workplace to reduce the waste; during procurement, the Company cooperates with suppliers who have passed certification of ISO 14064 and ISO 14001 or value ESG with priority.	
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		The Company has established an effective climate-related risk and opportunity evaluation mechanism in accordance with "Guidelines on Climate-related Financial Disclosures of Insurance Companies" issued by the FSC, and disclosed relevant climate-related information in accordance with the four major core elements in the framework of Recommendations of the Task Force on Climate-related Financial Disclosures published by TCFD, including governance, strategy, risk management, and indicators and objectives. Also, the Company has established its objectives for implementation of climate change actions, and evaluated the transition and physical climate risks existing in the investing, financing, and operating activities, with the objective to authenticate major climate risk and opportunity events, draft responsive strategies and plans based on evaluation results, and thoroughly implement risk control and periodical review.	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
			Relevant data can be queried from the Company's website. (https://www.mli.com.tw/esg/generalTemplate/110)	
(4) Has the Company calculated greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and established policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		1. The Company implements greenhouse gas inventory verification/assurance every year, and gathers statistics of greenhouse gas emissions in the last year. In addition to replacing the old equipment on a regular basis, the Company has also adopted new technology (e.g., installation of power-saving devices) and management approaches to avoid the waste of electric power and improve the resource utilization efficiency, for the purpose of reducing the carbon emissions. 2. The Company has also established "Mercuries Life Insurance Co., Ltd. Environmental Policy" to advocate water saving, energy saving, carbon emission reduction, greenhouse gas reduction, and pollution prevention. Also, the Company tracks and reviews the implementation status of this policy every year, and has obtained the verification of ISO14001 Environmental management system. Furthermore, the Company manages to reduce the use of paper through the promotion of the Electronic Insurance Policy and the mobile insurance e-service; in addition, the Company adds water-saving faucets to implement water-saving measures, and collects and reutilizes the recyclable waste, to lower the environmental impact. Relevant data can be queried from the Company's website. (https://www.mli.com.tw/esg/generalTemplate/111) (1) Greenhouse gases In 2023, greenhouse gas inventory verification was implemented in the whole company, and the Company passed third-party verification and acquired an assurance report from PwC Taiwan. The total carbon emissions of the Company were reduced year by year from 20,051 tCO_2e	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from

in 2016 to 7,922.1730 tCO_2e in 2023; Since significant workplace changes occurred in 2023, relevant adjustment is made to adopt the year 2023 as the base period. The Company aims to reduce carbon emissions by 3% from 2024 to 2025.

Statistics of Greenhouse Gas Emissions in 2023			
Scope/emission intensity	Type of emission source	Consumption	Emission
Scope 1	Consumption of automotive gasoline (98&95 unleaded)	6,919.201L	518.2509 tCO2e
	Consumption of automotive gasoline (Diesel)	3,599.97L	
	Consumption of diesel generators	381.9193L	
	Fugitive emission	518.2509L	
Scope 2	Power consumption of operating sites	14,903,087.62kWh	7,377.0633 tCO2e
Scope 3	Carbon emissions from employees' business travels	-	11.11 tCO2e
Greenhouse gas emission intensity	Scopes 1 + 2 (within the organization)	0.0444 $tCO2e/m^2$	

Note: Coefficients and calculation sources:

Promotion item	Implementation status (Note 1)			Deviations from
			(1) Relevant coefficients are determined with reference to the latest Greenhouse Gas Emission Coefficient Management Table 6.0.4 issued by the Environmental Protection Administration. (2) If calculated according to the power emission coefficient released by the Bureau of Energy in 2023, 1kWh generated 0.495kg CO_2e. (3) Carbon emissions from employees' business travels are calculated as carbon emissions of high-speed railways and airplanes used by them. (4) Statistics of fugitive emission was initially added to Scope 1 in 2022.	

Statistics of Greenhouse Gas Emissions in 2022			
Scope/emission intensity	Type of emission source	Consumption	Emission
Scope 1	Consumption of automotive gasoline (98&95 unleaded)	7,691.76L	433.8812 tCO2e
	Consumption of automotive gasoline (Diesel)	2,999.92L	
	Consumption of diesel generators	381.90L	
	Fugitive emission	416.7902L	
Scope 2	Power consumption of operating sites	18,024,307kWh	9,174.37 tCO2e
Scope 3	Carbon emissions from employees' business travels	-	7.02 tCO2e
Greenhouse gas emission intensity	Scopes 1 + 2 (within the organization)	0.0470 tCO2e/m^2	

<table>
<tr><td>Promotion item</td><td colspan="2">Implementation status (Note 1)</td><td>Deviations from</td></tr>
<tr><td></td><td></td><td>Note: Coefficients and calculation sources:
(1) Relevant coefficients are determined with reference to the latest Greenhouse Gas Emission Coefficient Management Table 6.0.4 issued by the Environmental Protection Administration.
(2) If calculated according to the power emission coefficient released by the Bureau of Energy in 2022, 1kWh generated 0.509kg CO_2e.
(3) Carbon emissions from employees' business travels are calculated as carbon emissions of high-speed railways and airplanes used by them.
(4) Statistics of fugitive emission was initially added to Scope 1 in 2022.
(5) The greenhouse gas inventory data in 2022 was updated according to the third-party assurance data from PwC Taiwan.
(2) Water consumption
The Company has established a goal for saving of 1% of water consumption every year. In addition to adding water-saving faucets, the Company also continually advocates water-saving measures to colleagues; the total water consumption of the Company in 2023 reached 134,100m^3, up by 18,800m^3 compared with that in 2022.
<table>
<tr><th>Item</th><th>Coverage</th><th>2022</th><th>2023</th></tr>
<tr><td>Water fee</td><td>The whole Company</td><td>168.23</td><td>147.45</td></tr>
<tr><td>Water consumption (million degrees)</td><td>The whole Company</td><td>15.29</td><td>13.41</td></tr>
<tr><td>Water consumption per capita (m^3/total employee number)</td><td>The whole Company</td><td>13.27</td><td>12.39</td></tr>
</table>
(3) Waste
As a company in the life insurance industry, the Company generates relatively limited waste during the operation. The types of waste are only</td><td></td></tr>
</table>

Promotion item	Implementation status (Note 1)			Deviations from
			limited to household waste and general recyclable resources which have a limited impact on the environment. Nevertheless, the Company still strives to implement the resource reutilization policy in the operation process, and guarantee the best effect of waste classification and resource recycling. To be specific, the Company recycles paper, centrally recovers waste batteries, abandons decoration waste through eligible manufacturers, and reutilizes potted plants in the workplace, to extend their service life, or entrust manufactures with recycling and treatment of the aforesaid waste, for the purpose of maximizing the efficiency of waste treatment. Besides, the Company scrapped 2 fuel motorcycles and replaced with electric motorcycles, and lowered carbon emissions in 2023. Recycling of waste paper: Treatment method | 2022 | 2023 Paper recycling and reutilization (Note) | 14.97t | 3.47t Note: The manufactures shred paper to make paper bricks, and then transport them to the water destruction yards for making recycled pulps. Overview of disposal of IT waste: Category | 2022 | 2023 | Disposal method Computers and monitors (sets) | 33 (Note) | 57 | Recycled by manufacturers Laser printers (sets) | 5 | 0 Large mainframes (sets) | 0 | 0 Laptops (sets) | 5 | 0 Tablet PC (sets) | 0 | 0	

Promotion item	Implementation status (Note 1)			Deviations from
			Note: Some of them are reserved for non-local backup.	
4. Social Issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company scrupulously abides by the Labor Standards Act, the Employment Service Act, the Act of Gender Equality in Employment and other relevant laws and regulations, and established "Human Rights Policy" through the Board of Directors in 2019 to respect and protect human rights in workplaces in accordance with the spirits and fundamental principles for protection of human rights disclosed in relevant international covenants of human rights including Universal Declaration of Human Rights, The United Nations Global Compact, International Labour Convention, and Declaration on Fundamental Principles and Rights at Work. Also, the Company has expressly established code of ethics, reward and punishment standards, sexual harassment preventing measures, measures for appeals and punishments, and other relevant management policies and procedures to secure employees' legitimate rights and interests. The Company reviews its operation, value chain, new commercial activities (e.g., M&A and joint venture), and other relevant activities annually through regular concerns over major social issues, data monitoring, questionnaire survey, and other relevant approaches, to identify and identify the groups that face risks, as well as potential risks of human rights. Then, the Company drafts corresponding plans for control of issues regarding human rights based on potential risks, and continually supervises and improves the implementation effect of these plans.	No material deviation

<table>
<tr><th>Promotion item</th><th colspan="3">Implementation status (Note 1)</th><th>Deviations from</th></tr>
<tr><td></td><td></td><td></td><td>The Company’s human rights policies and specific plans are summarized as follows:<table><tr><th>Human rights policy</th><th>Specific plan</th></tr><tr><td>1. Guaranteeing human rights at workplaces</td><td>Prevent differential treatment or any form of discrimination regarding gender, sexual orientation, race, class, age, marriage, language, thoughts, religious belief, party, nationality, appearance, facial features, physical and mental disability, and dedicate to creating a dignified, safe, equal, and harassment-free work environment.
Provide the effective guarantee of labor rights and interests as well as a friendly and harmonious labor-capital relationship, implement fair employment, remuneration, training, assessment, and promotion opportunities, and provide effective and appropriate appeal mechanism to avoid and respond to situations that harm employees’ rights and interests.</td></tr><tr><td>2. Respecting human rights at workplaces</td><td>Abide by the labor regulations of the government, avoid hiring child laborers, care about employees, and manage their attendance on a regular basis, and avoid forcing labor; provide unimpeded communication channels for employees, and create a workplace environment with a harmonious labor-capital relationship.</td></tr></table></td><td></td></tr>
</table>

Promotion item	Implementation status (Note 1)				Deviations from
			3. Providing a safe and healthy work environment	1. Establish an occupational safety and health management unit, organize an Occupational Safety and Health Committee, and convene regular meetings to plan and review relevant issues on occupational safety and health. 2. Hire nurses and specially appointed physicians to provide colleagues with health service guidance and promotion. 3. Execute four major plans related to workers' health. 4. Patrol the workplaces periodically and monitor the operating environment in the offices.	
			4. Implementing information security	1. The Company organizes relevant education and training on information security and personal information protection regularly every year, releases information security e-paper, and handle email social engineering drills, visits to workplace environment, information security incident response drills, personal information safety procedure drills, DDoS attack drills, etc., to improve colleagues' awareness of information security and personal information protection. 2. The Company selects and appoints	

Promotion item	Implementation status (Note 1)			Deviations from

	information security consultants to participate in the operation of the Board of Directors and provide directors with consulting and lecture services regarding information security related issues, thus enhancing the Company's organizational culture of emphasis on information security. 3. In response to the development of digital technology, the Company will introduce information security insurance in 2024, to mitigate and lower compensation risks resulting from business interruption or damages caused to customers or third parties, and thus strengthen the management of information security risks.
5. Harmonious labor-capital communication	Hold labor-capital meetings regularly to communicate the two sides' thoughts and opinions.

In addition, the Company provided colleagues with relevant training programs for protection of human rights in 2023, with total training duration of 22,530.65 hours. A total of 1,818 colleagues completed the training programs, accounting for 100% of the total number of colleagues. In the future, the Company will continually pay attention to issues regarding protection of human rights and promote relevant education and training for the purposes of improving

Promotion item	Implementation status (Note 1)			Deviations from
			employees' awareness of protection of human rights, and lowering the possibility of occurrence of related risks.	
(2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation as appropriate?	✓		1. The Company abides by each policy stipulated in the Labor Standards Act, and complies with the compensation level stipulated by the government. In addition to an annual leave system that is superior to the provision set forth in the Labor Standards Act, the Company also provides paid volunteer leave to encourage its employees to participate in volunteer activities. Furthermore, it also provides cash gifts for three festivals, labor insurance, health insurance, and group insurance, professional examination reward system, social group activities, marriage, maternity, and funeral subsidies, travel allowance, annual health checkup, and other relevant benefits. When the business performance is excellent, the Company would set aside relevant favorable yearend bonus and reward to combine the overall business performance jointly presented by the employees and the Company with the remuneration acquired. 2. The Company promotes workplace diversity and equality, and helps realize the rewarding conditions for male and female employees' equal pay for equal work and equal promotion opportunities. In 2023, the female employees accounted for 62.32% of the total number of employees on average, and the female officers accounted for 46.74% of the total number of officers on average. The Company established "Measures for Retirement", and set aside sufficient pension and severance pay superior to the provisions stipulated in relevant laws and regulations for employees retiring under both the old and the new systems so that employees could enjoy an assured life after retirement.	No material deviation

<table>
<tr><th>Promotion item</th><th colspan="3">Implementation status (Note 1)</th><th>Deviations from</th></tr>
<tr><td></td><td></td><td></td><td>3. The Company provides employees subject to the old seniority system with pension and severance pay that are superior to those stipulated in relevant laws and regulations. For retirement or severance of employees who are qualified for retirement, the upper limit for the calculation of the pension is determined as 55 base numbers higher than the amount stipulated in relevant laws and regulations. For retirement or severance of employees who are not qualified for retirement, the severance pay will be calculated and paid based on their seniority.
<table>
<tr><td colspan="2">Information of compensation and welfare in 2023 (Unit: NT$ 1,000)</td></tr>
<tr><td>Average welfare expenses of employees engaged in the internal work</td><td>842.6</td></tr>
<tr><td>“Average” of salary of full-time employees engaged in the internal work and not serving as supervisors</td><td>944</td></tr>
<tr><td>“Median” of salary of full-time employees engaged in the internal work and not serving as supervisors</td><td>820</td></tr>
</table>
4. Reflection of business performance in employee compensation: In accordance with the Articles of Incorporation, if the Company makes a profit in the year, it shall set aside at least 0.1‰ of the profit as employee reward, and reflect the business operation in employee compensation.</td><td></td></tr>
<tr><td>(3) Does the Company provide a safe and healthy work environment, and does it organize health and safety training for its employees on a regular basis?</td><td>✓</td><td></td><td>1. The Company is committed to providing employees with a safe and healthy work environment. In addition to assigning occupational safety and health management personnel to draft, plan, supervise, guide, and promote safety and health management work, the Company has also established an Occupational Safety and Health Committee which convenes meetings at</td><td>No material deviation</td></tr>
</table>

Promotion item	Implementation status (Note 1)			Deviations from
			least once every three months, and discusses the conditions of the workplaces and conduct subsequent tracking and improvement according to the established occupational safety and health management plans. At the same time, the Company employs professional nurses, and signs contracts with specially appointed nursing staff to promote labor health protection business; furthermore, the Company has cooperated with Lifeline Association, Hsin Chu to provide employee assistance plan services and take care of employees' health both mentally and physically. The contents regarding optimization of employees' workplaces also include the followings: (1) Ask eligible manufacturers to monitor the air quality in the workplaces on a regular basis. (2) Assign special personnel to patrol machine rooms, workplaces, toilets, and tea water rooms, and set up access control and monitoring system to strictly control the access of management personnel. (3) Organize employee health checkups and subsequent tracking care on a regular basis. (4) Implement periodical fire protection declaration according to regulations, and install AED equipment in the building. (5) Provide occupational safety and health related courses periodically, e.g., fire escape, CPR, etc. (6) Promote "Mom Protection Plan" to provide fresh milk or soybean milk to pregnant colleagues as nutritional supplement. In 2023, 6 occupational accident cases occurred to the internal staff of the Company, involving 6 employees which accounted for 0.33% of the total	

Promotion item	Implementation status (Note 1)			Deviations from
			number of employees. All these 6 cases occurred during employees' commuting, not in the workplace. The Company provides shuttle bus to connect with MRT station, a move that is intended to encourage colleagues to use the public transportation more. Also, the Company provides annual leave that is superior to the provision set forth in the Labor Standards Act so that employees can maintain good quality of life, and avoid fatigue driving, to lower the occurrence rate of occupational accidents during commuting. In 2023, 5 occupational accident cases occurred to the agency of the Company, involving 5 employees which accounted for 0.143% of the total number of employees. All these 5 cases occurred during employees' commuting, not in the workplace. Field attendance adopts a part-time work-hour system of 50 minutes per working day, and the time can be set by each agency office to avoid daily traffic rush hours; when training activities are held in non-original workplaces, the provision of transportation connections is strengthened; it is also encouraged Vacations allow employees to maintain a good quality of life, avoid fatigue driving, and reduce the incidence of commuting traffic accidents. 2. Occupational safety education, training, and advocacy performed by the Company in the last two years: In addition to monthly regular occupational safety and health advocacy, the Company also held relevant education and training programs with number of trainees and training hours as follows. Year | Person-times participating in | Person-hours in	

<table>
<tr><th>Promotion item</th><th colspan="3">Implementation status (Note 1)</th><th>Deviations from</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>education and training</td><td>education and training</td></tr>
<tr><td>2022</td><td>239</td><td>701</td></tr>
<tr><td>2023</td><td>311</td><td>665</td></tr>
</table>
3. No fire occurred to the Company in 2023.
</td><td></td></tr>
<tr><td>(4) Has the Company established effective career development and training plans for its employees?</td><td>✓</td><td></td><td>
1. Establishment of a complete talent training system through virtual-real integration
The Company organizes education and training for internal staff and agency force on a regular basis, and provides different training courses for employees at different levels. In addition to in-person training, the Company also plans digital learning platforms to provide online training. Employees may freely click to apply for diversified online training courses to satisfy their different needs for career capabilities. Besides, corresponding courses and rewarding measures have been set up to coach employees to acquire professional licenses so that every employee could be provided with the most appropriate training opportunities in different stages of their careers.

Internal work: In 2023, the Company invested more than NT$ 9.51 million in training, and the total training duration of internal staff exceeded 57,000 hours with training hours of approximately 31.89 hours per capita.
<table>
<tr><td colspan="5">Statistics of Average Training Hours of Internal Staff (Unit: Hour)</td></tr>
<tr><td rowspan="2">Year</td><td colspan="2">General employee</td><td colspan="2">Officer</td></tr>
<tr><td>Female</td><td>Male</td><td>Female</td><td>Male</td></tr>
<tr><td>2023</td><td>27.57</td><td>25.61</td><td>57.15</td><td>58.61</td></tr>
</table>
The Company opened relevant courses for introduction of sustainability concept, e.g., SDGS sustainability board role-playing game. By learning
</td><td>No material deviation</td></tr>
</table>

Promotion item	Implementation status (Note 1)			Deviations from
			through game-playing, colleagues developed a profound understanding of sustainability topics. Also, online courses were matched to strengthen the concept of ESG and implement the goals of sustainable development. In 2023, the total duration of courses related to human rights and ESG reached approximately 22,530.65 hours.	

Total duration of participation of internal staff in online human rights and ESG related courses in 2023 and participant-times

Course name	Person-times	Duration (hour)	Total duration (hour)
Education and Training of Prevention of Insider Trading*	1,717	1.2	2,060.4
Education and Training of Regulatory Compliance_Ethical Management and Whistleblowing System*	1,742	1.25	2,177.5
Education and Training of Regulatory Compliance-Prevention of Money Laundering for New Employees in 2022*	2	0.25	0.5
Education and Training of Regulatory Compliance-Prevention of Money Laundering for New Employees in 2023*	225	0.17	38.25
Education and Training of Prevention of Money Laundering and Combatting of Terrorism Financing*	1,728	2	3,456
Education and training of Friendly Finance in 2022*	3	3	9
Education and training of Friendly	1,784	3	5,352

Promotion item	Implementation status (Note 1)			Deviations from

Finance in 2023*			
Lecture on Treating Customers with Rare iseases and Disability Fairly (In-person)	1, 685	2. 2	3, 707
Treating Customers Fairly Principles in Financial Service Industry	1,836	3	5,508
Principle of Treating Customers Fairly in 2022 (for New Employees Recruited after November)*	7	3	21
Our Sherlock Holmes-SDGS Sustainability Board Role-playing Game	21	3	63
Analysis of the Amendments to Act of Gender Equality in Employment and Sexual Harassment Prevention Act and Response Countermeasures	46	3	138

Note: Courses marked with "*" are required courses for all employees (including senior officers).

Field work: In 2023, the Company invested more than NT$ 23.81 million in training, and the total training duration of field agency force exceeded 329,813 hours with training hours of approximately 33.39 hours per capita.

Statistics of Average Training Hours of Agency Force (Unit: Hour)				
Year	General employee		Officer	
	Female	Male	Female	Male
2023	34.06	30.57	37.18	35.38

Promotion item	Implementation status (Note 1)			Deviations from

Total duration of participation of field agency force in online human rights and ESG related courses in 2023 and participant-times

Course name	Person-times	Duration (hour)	Total duration (hour)
Course of Regulatory Publicity	8,873	82	12,126
Course of Agency Quality	8,871	116	17,150
Course of Education and Training of Prevention of Money Laundering	8,887	138	20,440
Course of Principle of Treating Customers Fairly	8,870	180	26,610
Course of Information Security	8,890	180	26,670
Course of Friendly Financial Service	8,871	64	9,462
Courses Related to Protection of Insurance Interests of Aged Customers	8,924	127	18,889

2. Establishment of a diversified job rotation system to cultivate cross-functional talents

To cultivate professional talents and respect talents' willingness and aspirations, the Company promotes the operation of job rotation based on the vision of long-term development and in comprehensive consideration of the leading management teams. Each unit may encourage colleagues to participate in job rotation based on the nature of agency, to strengthen job experience, enhance talent exchanges, and establish the employment qualifications for other positions for the purposes of cultivating and

Promotion item	Implementation status (Note 1)			Deviations from
			effectively using talents. Through on-the-job training, the scope of job rotations will be increased, and various purposes for career development will be achieved. 3. Cultivation of potential middle and senior officer talents to march towards the goal of sustainable management. We initiated a "Successor Plan" in 2019 to cultivate and continually track highly potential talents. In 2023, the Company selected about 60~70 middle and senior officers to participate in the plan. The Company cultivates potential successors with great development prospects through stages like talent selection, cultivation, development, evaluation, and review, to lower the gap of key management talents in the Company and enable the Company to join hands with its employees to march towards the goal of sustainable management.	
(5) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures?	✓		1. The Company follows the provisions of the competent authority and relevant insurance regulations regarding customers' health and safety, customer privacy, sales, and labeling as related to its products and services. 2. The Company passed the continual review of full-system certification of ISMS Information Security Management System (ISO27001) and verification of PIMS Personal Information Management Systems (BS 10012). The scope of verification covers the whole company (including head office, branch companies, service centers, regional divisions, and agency offices), to ensure that high-quality services are provided to the customers, and customers' personal data is properly protected.	No material deviation

Promotion item	Implementation status (Note 1)			Deviations from
			3. To protect consumers' and customers' rights and interests, the Company implements protection for financial consumers in accordance with the Financial Consumer Protection Act. Also, in accordance with "Principle for Financial Service Industries to Treat Clients Fairly" of the FSC, the Company has not only established "Strategy of Mercuries Life Insurance for Principle of Treating Customers Fairly" and "Policy of Mercuries Life Insurance for Principle of Treating Customers Fairly", but also assigned the Operational Planning Department as the dedicated unit and the Chief Operating Officer (Senior Vice President) as the leader to promote relevant business to the establishment of corporate culture focusing on "Treating Customers Fairly" and deepen customer experience. Additionally, the Company Management Meeting for Treating Customers Fairly" and convened the management meeting every quarter. In 2023, a total of 4 management meetings were held. From the 4th quarter of 2023, the Company invited directors to offer guidance at the meetings as a nonvoting party, described, reviewed and improved the implementation results of treating customers fairly in each quarter, and submitted them to the Board of Directors. The Company drafted and executed corresponding plans and measures relying on this management meeting to perform ten major principles regarding treating customers fairly. Furthermore, the matters discussed in the management meeting would be submitted to the Board of Directors to ensure the execution results. By engaging the Board of Directors, the Company aims to create a top-to-bottom culture for treating customers fairly.	

Promotion item	Implementation status (Note 1)			Deviations from
			4. Complaint procedures and flows: The Company provides policyholders with several complaint channels including written document (mailed to Policyholder Complaint Center on No. 58, Shitan Rd., Neihu Dist., Taipei City), telephone (dedicated customer service line: 0800-022-258), fax (02-2345-5747), and email of the customer service center (callcenter@mail.mli.com.tw); complaints will be accepted and handled by dedicated personnel, and the results will be notified to those filing the complaints by telephone or special letter. Relevant information has already been disclosed on the Company's official website.	
(6) Has the Company established supplier management policies that require suppliers to comply with relevant laws and regulations related to environmental protection, occupational health and safety or labor rights and supervised its implementation?	✓		1. The Company chooses to cooperate with manufacturers who have a good image of corporate social responsibility preferentially according to "Manufacturer Selection Principles", performs relevant evaluation and assessment of suppliers' environmental information and protection of human rights every year, and determines to continue the cooperation or reduce cooperation with suppliers who have been found to violate the statutory and regulatory provisions and suffer from penalties. The Company may directly rescind contracts with those who violate the "Manufacturer Selection Principles" if any. 2. To strengthen the sustainable supply chain management mechanism, the Company uses "Review Table of Long-term Cooperative Manufacturers" to evaluate the cooperative manufacturers, and assigns relevant personnel to visit the contract manufacturers on the spot every year. Also, relevant visit reports will be issued to evaluate and verify whether these manufacturers comply with the regulations on outsourcing work. Any negative image will	No material deviation

<table>
<tr><th>Promotion item</th><th colspan="3">Implementation status (Note 1)</th><th>Deviations from</th></tr>
<tr><td></td><td></td><td></td><td>be recorded in “Table of Special Events” as basis for the selection of manufacturers next time. The Company expects to coordinate with suppliers with awareness of ESG concept to fulfill the vision of sustainable development together.
<table><tr><th>Qualification review</th><th>Periodical evaluation</th><th>Cooperation vision</th></tr><tr><td>◆Compliance with the Manufacturer Selection Principles
◆ Review of manufacturers’ image</td><td>◆ On-the-spot investigation
◆ Annual periodical evaluation</td><td>◆ Selection of manufacturers with awareness of ESG concept with priority</td></tr></table>
3. Supplier verification:
The Company evaluates long-term cooperative manufacturers periodically. In addition to professionalism, prices, and services, the evaluation items also include threats on environmental safety, emphasis on human rights, and legality and compliance of corporate governance. The Company expects that the suppliers would emphasize on ESG sustainable management as it does.
In addition, the Company conducts on-the-spot audit of contract manufacturers as necessary, and reports the auditing results to the Board of Directors, to guarantee the security of customers’ information and comply with the regulatory requirements.</td><td></td></tr>
<tr><td>5. Has the Company, referring to the international standards or guidelines for the preparation of reports, prepared sustainability</td><td>✓</td><td></td><td>1. The Company prepared “Sustainability Report of Mercuries Life Insurance Co., Ltd. in 2023” in accordance with the general standards released by the Global Reporting Initiative (GRI), industry standards, and criteria for material topics, to disclose material topics of economy,</td><td>No material deviation</td></tr>
</table>

Promotion item	Implementation status (Note 1)			Deviations from
reports to disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation institution?			environment, and population (including human rights) identified by the Company and their impacts, as well as disclosure items and reporting requirements. Also, with reference to the standards of the Sustainability Accounting Standards Board (SASB), the Company disclosed the indicator information of the industry, as well as the index of contents of the report corresponding to SASB indicators. 2. The sustainability report for the year 2023 was passed by the Board of Directors and entrusted to PwC for limited assurance of key performance indicator selected according to Assurance Criteria Notice No. 1 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information" released by the Accounting Research and Development Foundation with reference to ISAE 3000. 3. The sustainability report may be downloaded from the dedicated section for corporate sustainability of the Company on the following website: https://www.mli.com.tw/esg/downloadTemplate/78	
6. If the Company has established corporate sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", describe the implementation and deviation thereof: The Board of Directors of the Company passed a resolution to establish "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" in December 2011. In March 2022, the Board of Directors amended and renamed it as "Mercuries Life Insurance Co., Ltd. Sustainable Development Best Practice Principles." which followed the provisions of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" without deviation.				
7. Other important information to facilitate a better understanding of the implementation status of the promotion of sustainable development: Mercuries Life Insurance Co., Ltd. dedicates to the corporate vision of "professional life insurer capable of creating the best value". The Company practices corporate sustainability from business core, makes contributions to social public welfare activities for a long run, pays attention to the disadvantaged groups, and continually passes on warmth and care to all the corners of society. Also, starting from the expertise in risk management of life insurance industry, the Company endeavors to enhance people's understanding of health protection and management and each health promotion				

Promotion item	Implementation status (Note 1)	Deviations from

activity, dedicates to creating the maximum value for society, and practices the commitments of sustainable management.

(I) The Company acquired the following acknowledgements in 2023:

- [National Insurance Three Major Awards and Ten-year Champions] Insurance Faith, Hope & Love Award: Ten-year Champion; Insurance Quality Award: Ten-year File of Heros; Insurance Dragon & Phoenix Award: Ten-year File of Heros
- Insurance Faith, Hope & Love Award-Best Insurance Professionalism Award, Best Social Responsibility Award, Best Product Creativity Award, Best Insurance Education Contribution Award, and Best Integration and Communication Award
- National Brand Yushan Award-Best Product Award and Best Popular Brand Award
- Golden Peak Award-Top 10 Outstanding Product Award
- Taiwan Financial Award- Consumers' Award for Financial Brands
- Golden Award for 2023 Happy Enterprise Financial Management and Consulting Industry
- CSEA Excellent Customer Service Award-Best Customer Service Team Award, Best Store Service Supervisor Award, and Best Customer Service Star Award
- Sports Activist Awards-"Gold Award" and "Long-term Sponsorship Award" for Sponsorship; "Bronze Award" for Promotion.
- TCSA Taiwan Corporate Sustainability Award-"Category 1 Platinum Award" of Corporate Sustainability Report for Finance and Insurance Industry

(II) The Company has already built a dedicated section for stakeholders on its official website, and disclosed communication channels and relevant contact information per the types of stakeholders. Also, the Company learns about the issues concerned by internal and external stakeholders through the stakeholder questionnaires every year, relies on a variety of regular and irregular communication channels to respond to the material corporate social responsibility issues concerned by stakeholders, and discloses relevant contents in the sustainability report.

The stakeholders of Mercuries Life Insurance Co., Ltd. are classified into 9 types, and the Company continually communicates with these stakeholders through different channels based on the issues concerned by each stakeholder, and reports the communication with stakeholders and issues concerned by them to the Board of Directors every year on a regular basis.

Investors: Economic performance, ethical corporate management, corporate management, and risk management

Employees: Employees' salaries and benefits, economic performance, ethical corporate management, corporate governance, and talent cultivation

Policyholders: Corporate governance, risk management, economic performance, ethical corporate management, and information security

In addition to the three types of stakeholders above and issues concerned by them, the detailed types of stakeholders and issues concerned by

Promotion item	Implementation status (Note 1)	Deviations from

them, communication channels, and relevant responses are shown in the dedicated sections for stakeholders and corporate sustainability on the official website, or the sustainability report of the Company can be downloaded from the dedicated section for corporate sustainability.

(III) Mercuries Life Insurance Co., Ltd. sticks to the brand spirit of "A word of promise, a friend for life" and aims to build the most complete protective net for the general public. Starting from the expertise in the health risk management of the life insurance industry, the Company has engaged a series of resources in six aspects, namely, promotion of academic development in insurance, furthering of education of inclusive finance, advocacy of sports activities, care for children's development, community services, and support for cultural and arts activities. Also, in response to the Sustainable Development Goals (SDGs) of the United Nations, the Company is committed to achieving the sustainable visions for "No Poverty", "Good Health and Well-Being", "Quality Education", and "Reduced Inequalities". In addition to the long-term support for various sports competitions, the attention paid to children's healthy development, and the donation of microinsurance, the Company joins hands with colleagues to engage in public welfare and call on them to join the voluntary teams. Furthermore, based on the sponsorship of various cultural and arts activities and professional insurance seminars, the Company is dedicated to creating the highest value for the public.

1. Promotion of academic development in insurance
   - Sponsorship of academic development: The Company sponsored the academic insurance development of Risk and Insurance Research Center, College of Commerce, NCCU for 10 consecutive years, and the FinTech innovation of FinTech Global Research and Industry Alliance Center, NCCU for 6 consecutive years respectively. Furthermore, the Company cooperated with RMIM Inc. for 9 consecutive years, and donated RMIM Health and Finance Magazines. In 2023, the Company sponsored large financial forums, e.g., East Asia Pacific Insurance Forum and Insurance and Economic Development Forum, with the objective to promote knowledge related to finance.
   - Provision of campus internship: By providing internship programs for multiple universities, the Company cooperates with relevant departments specialized in insurance and finance, and conducts academic and practical communication to lower the gap between learning and application and promote the linkage of students with the practical work.
   - Promotion of microinsurance: The Company promotes microinsurance business, actively cooperates with universities and colleges, social groups like Child Welfare League Foundation and Association for Victims Support, and local governments like Nantou County Government, and provides one-year student tuition fee free accident microinsurance for groups with disadvantaged economic conditions and students in universities and colleges by means of premium donation. The upper limit of the sum insured for each person could reach NT$ 500,000, with the objective to lighten the economic impact imposed on families due to accidents. The Company has

Promotion item	Implementation status (Note 1)	Deviations from

accumulatively donated premium for more than NT$ 34 million, and the scope of the insured has exceeded 130,000 person-times. To be specific, the number of the insured reached 20,000 persons in 2023. In 2024, the Company will continue to donate microinsurance premium, and duly perform its responsibilities for corporate sustainable development. The Company donated a total amount of NT$ 4.89 million in 2023 for both microinsurance premium donation and fundraising sponsorship of "Deep Cultivation Program" for Mingchuan University. The Company sponsored "Deep Cultivation Program" in response to the relevant policy of the Ministry of Education. Specifically, it sponsored this university to reinforce an assistance and tutoring mechanisms for disadvantaged students so that the students could learn wholeheartedly and change their future without having to worry about their tuitions and living expenses.

2. Furthering of education of inclusive finance

   The Company does not only actively develop financial products that meet the needs of the aged and the disadvantaged groups, but also leverage its expertise to join hands with its employees to organize various financial management education activities, including finance courses for remote rural elementary schools, wealth management lectures for policyholders and wealth management summer camps for policyholders' children, and other wealth management related activities. The Company is dedicated to providing school children, policyholders and the public with correct viewpoint on wealth management and basic knowledge on finance. In 2023, the Company organized 55 activities that benefited 6,439 people.

3. Deepening of sports activities

   - Promoting the atmosphere of sports: Mercuries Life Insurance Co., Ltd. has supported the development of sports in Taiwan for a long term, in order to improve people's awareness of health risk management. It has promoted multiple sports competitions for more than 10 years with ceaseless efforts. In 2023, the Company spent NT$ 32.66 million in sports and benefited more than 96,000 people. The Company expected that people could establish their awareness of health risk management and keep doing exercises by participating in the sports competitions.

4. Care about children's health

   - Children are the hope for the future. Mercuries Life Insurance Co., Ltd. has held "Mercuries Life Insurance Cup Teeball National Tournament" for 14 consecutive years and this event suited primary school students. As a result, the habits of sports could be cultivated for children to enhance their health; at the same time, the Company has held "Sketching Competition for Policyholders' Children" for 20 years with the purpose of encouraging policyholders to spend their holidays in accompanying their children to sketch outdoors, for it

Promotion item	Implementation status (Note 1)	Deviations from

could not only enhance the parent-children interaction but also enhance children's physical and mental development. Hopefully, the Company could assist these families in cultivating more healthy and happy children to make contributions to Taiwan. In 2023, a total of 10,063 children participated in "Mercuries Life Insurance Cup Teeball National Tournament" and "Sketching Competition for Policyholders' Children".

5. Engagement in community services

Mercuries Life Insurance Co., Ltd. has supported public welfare for a long term. In addition to the blood donation activity of "Love of Mercuries and Warmth of Blood" organized around Taiwan, the Company initiated "Wealth Management Golden Brain Cultivation Plan" since 2023 and joined hands with colleagues to promote education of inclusive finance. Additionally, the Company encourages colleagues to participate in various volunteer service activities to help the disadvantaged senior citizens and children and guard the sustainable ecological environment; in 2023, 2,449 person-times of employees from the Company served as volunteers. If calculated as 3 hours per person-time, the total service duration was approximately 7,347 hours:

- Blood donation: The Company cooperates with Taiwan Blood Services Foundation to hold regular blood donation activities every year and every quarter. In 2023, a total of 91 blood donation activities were launched in Taiwan, and 353 person-times participated in volunteer services. 6,166 bags of blood were donated accumulatively in 2022. The total number of bags of blood donated accumulatively over the years already exceeded 50,000.
- Volunteering for education of inclusive finance: 51 volunteering activities were launched, and attended by 307 person-times; colleagues gave play to their expertise in finance and served as volunteers for finance education. By organizing activities like finance courses for remote rural areas, wealth management summer camp, and finance path finding, we assisted school children and the public in establishing the correct concepts on wealth management and risk management.
- Volunteering for ecological environmental protection: 10 volunteering activities were launched, and attended by 333 person-times; colleagues served as resource classification volunteers in Tzu Chi Recycling Education Centre, and went to Wanggong Fishing Port in Changhua for beach cleaning, and Zhongliao, Nantou and Sandimen, Pingtung for mountain purification, with the hope to guard the beautiful environment of Taiwan together.
- Volunteering for caring about the disadvantaged: 13 volunteering activities were launched, and 314 person-times participated in the activities launched by Genesis Social Welfare Foundation, Kaohsiung Charity Federation, Love Binti International, Angel Heart Family

Promotion item	Implementation status (Note 1)	Deviations from

Social Welfare Foundation, and Yate Cup Intellectual Disability Games. Among them, Mercuries Life Insurance Co., Ltd. has sponsored "Yate Cup Intellectual Disability Games" for 25 years to safeguard students with physical and mental disabilities with insurance and enable them to participate in sports events from which they could train their learning ability, enhance physical agility and confidence and thus better blend in society.

- Volunteering for environmental protection through "Public Welfare 30 PET Bottle for Passing Love and Aiding the Disadvantage": This activity lasted for 2 months and was attended by 1,142 person-times; Mercuries Life Insurance Co., Ltd. joined hands with Tzu Chi Charity Foundation and DA.AI Technology and called upon colleagues, policyholders and the public to recycle PET bottles based on the thinking of environmental protection, resource reutilization and caring about the disadvantaged and then make them into environment-friendly scarfs as presidents for school children in remote rural areas. As a result, nearly 70,000 PET bottles were collected to benefit 305 indigenous children.

6. Support for the development of culture and arts

Mercuries Life Insurance Co., Ltd. goes deep to campus and provides university and college students with more channels to accept artistic influence. Since 2009, the Company has sponsored "iLook Film Obsession Party Campus Activity" for 15 consecutive years, and provided high-quality literary and artistic films to interact with the young people. In 2023, the Company also sponsored the concert of "A Night Tour" performed by Ding Dang, "Queen of Love Songs", to enhance the cultural and artistic experience of students and the general public. Furthermore, the Company sponsored "Taiwan Lantern Festival in Taipei, 2023". In addition to exclusive sponsorship of lantern festival works presented by artists from Mexico and Taiwan, the Company utilized the works from local artists to decorate the landscape of the head office, and encouraged people to go out and embody life aesthetics through personal practice.

Note 1: If the column of "Implementation status" is checked as "Yes", please specify the important policies, strategies, and measures adopted and their implementation status; if the column of "Implementation status" is checked as "No", please explain the deviations and reasons thereof in the column of "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof", and explain the plans for relevant policies, strategies, and measures to be adopted in the future. However, as for promotion items 1 and 2, TWSE/TPEx listed companies shall describe a structure for governance and supervision of the sustainable development, including but not limited to establishment of management policies, strategies and goals, review measures, etc. Also, it is required to clarify risk management policies or strategies to address ESG topics related to the corporate operation and the evaluation status thereof.

Note 2: Materiality principle refers to the major impact of issues related to environment, society, and corporate governance on the Company's investors and other stakeholders.

Note 3: For the disclosure method, please refer to the examples of the best practice principles on the website of the Taiwan Stock Exchange Corporation's Corporate Governance Center.

2. Climate-related information of TWSE/TPEx listed companies

(1) Implementation status of climate-related information

Item	Implementation status
1. Describe the Board of Directors' and the management's supervision and governance of climate-related risks and opportunities.	The Company has established a climate governance structure and designated the Board of Directors, the Risk Management Committee, the Risk Management Department, the Executive Office, and the operating units to advance the systematic division of duties from top to bottom, to ensure the implementation of climate risk management. As the top decision-making authority of the climate risk management system, the Board of Directors is mainly responsible for supervising and managing the climate-related risks of the Company, identifying the climate-related opportunities, and approving regulations governing climate risk management. "Risk Management Committee" is established under the Board of Directors to serve as the top management level for the risk management. "Risk Management Committee" convenes a meeting every quarter. In 2023, a total of 7 meetings were held. In addition to the evaluation of the operation status of the risk management system and the risk management report, this committee is also responsible for drafting climate risk management policies, evaluating the implementation status of climate risk management, and reporting to the Board of Directors. The Risk Management Department and the Executive Officer are responsible for making overall arrangements for promoting practical implementation of relevant aspects including daily climate risk monitoring, measurement, and evaluation, guiding relevant departments engaged in investing and operating activities to conduct climate risk management, and periodically presenting the management results to the Risk Management Committee.
2. Describe how the climate risks and opportunities identified impact an enterprise's business, strategies, and finance (short-term, medium-term, and long-term).	In the existing climate risk management mechanism of the Company, the first line of defense executes the identification of climate risks, measures the potential financial impacts of major risk/opportunity factors identified on the corporate business, products, investments, and loans (e.g., return on investment/reduction of operating income, increase of operating expenses, or increase of expenditure in claims, etc.), drafts and implements short-term, medium-term, and

Item	Implementation status

long-term responsive strategies based on the evaluation results, and submits relevant implementation results to the Risk Management Committee for meeting deliberation.

Summary Sheet of Climate Risks and Opportunities

	Risk factor	Risk description	Impacted level	Potential financial impact	Length of time	Response measure(s)
Transition risks	Policies and regulations	New climate/regulation changes may increase carbon price/carbon tax/carbon trading price, or enhance the requirements and supervision for the existing industries and services, so as to increase the operating cost of this industry.	Investment	Decrease in income from investment	Short term (within 3 years)	1. Implement the management and review of climate risks in the investment business based on TCFD framework. 2. Continuously monitor the risk exposure of investments in industries with high carbon emissions and high ESG risks. For industries with relevant risks uneasy to control after prudent evaluation, investments in these industries shall be reduced or avoided.

Item	Implementation status						
				Operation	Increase in operating expenses	Medium term (3~10 years)	Continually reduce the greenhouse gas emissions in the operation and acquire greenhouse gas inventory assurance.
		Technology	Emerging or low-carbon technologies present relatively high substitutability for existing products	Investment	Decrease in income from investment	Medium term (3~10 years)	Implement the management and review of climate risks in the investment business based on TCFD framework.

Item	Implementation status						
			and services. As a result, existing assets in the industry may need to be written off or scrapped in advance. Also, it may result in the rising or declining demand for existing products and services; in response to Net-Zero transformation, relevant high capital expenditure and cost shall be paid in this industry to develop emerging or low-carbon technologies.				Continuously monitor the risk exposure of investments in industries with high carbon emissions and high ESG risks. For industries with relevant risks uneasy to control after prudent evaluation, investments in these industries shall be reduced or avoided.
		Market	Due to the improvement of the awareness of	Investment	Decrease in income from	Medium term (3~10	Implement the management and review of climate

Item	Implementation status						
			climate change, the structural preferences of the market and customers for this industry will change, resulting in the declining demand for products and services related to high carbon emissions.		investment	years)	risks in the investment business based on TCFD framework. Continuously monitor the risk exposure of investments in industries with high carbon emissions and high ESG risks. For industries with relevant risks uneasy to control after prudent evaluation, investments in these industries shall be reduced or avoided.
		Reputation	Due to the improvement of the awareness of climate change, customers or consumers have a native impression towards the	Investment	Decrease in income from investment	Medium term (3~10 years)	Implement the management and review of climate risks in the investment business based on TCFD framework. Continuously

Item	Implementation status						
			damage caused by industries with high carbon emissions/pollution or other specific industries to the environment. As a result, the demand for products and services related to industries with high carbon emissions/pollution or other specific industries declines.				monitor the risk exposure of investments in industries with high carbon emissions and high ESG risks. For industries with relevant risks uneasy to control after prudent evaluation, investments in these industries shall be reduced or avoided.
				Operation	Decrease in operating revenue	Medium term (3~10 years)	Continually monitor the reputation of the Company and ensure that no negative impact is caused due to climate-related risks.
	Physical risks	Immediate risks	Single climate-related disasters (e.g., typhoon and flood) have a negative	Investment	Decrease in income from investment	Medium term (3~10 years)	Regularly check the distribution of investment property. Evaluate and increase flood

Item	Implementation status						
			impact on this industry, while wind disasters, uneven rainfall distribution, or heavy rainfall may result in water shortage or flooding. As a result, negative impacts like business shutdown, operational interruption, supply chain interruption, or asset impairment will be caused.				prevention facilities for the investment property located in regions with high climate risks.
				Loan lending	Increase in loan losses	Medium term (3~10 years)	Regularly check the distribution of real estate collateral. Plan a system to increase the evaluation of physical risks of real estate collateral located in regions with high climate risks.
				Operation	Decrease in operating revenue	Medium term (3~10 years)	Maintain and adjust as appropriate the operation continuity management mechanism, and regularly practice backup and restoration plans.
					Increase in operating expenses	Medium term (3~10	Regularly check the distribution of operating sites.

Item	Implementation status						
						years)	Evaluate and increase flood prevention facilities for the operating sites located in regions with high climate risks.
				Product	Increase in expenditure for claims settlement	Long term (more than 10 years)	Continually track the provisions of domestic regulations on life insurance products and confirm the necessity to include climate risks in relevant designs including life insurance product actuarial and development.
		Long-term risks	The climate models are changed. For example, long-term rising temperatures can increase the frequency and	Investment	Decrease in income from investment	Long term (more than 10 years)	Regularly check the distribution of investment property. Evaluate and increase flood prevention facilities for the investment

Item	Implementation status						
			intensity of extreme climate events, while wind disasters, uneven rainfall distribution, or heavy rainfall may result in water shortage or flooding. As a result, negative impacts like business shutdown, operational interruption, supply chain interruption, or asset impairment will be caused.				property located in regions with high climate risks.
				Loan lending	Increase in loan losses	Long term (more than 10 years)	Regularly check the distribution of real estate collateral. Plan a system to increase the evaluation of physical risks of real estate collateral located in regions with high climate risks.
				Operation	Decrease in operating revenue	Long term (more than 10 years)	Maintain and adjust as appropriate the operation continuity management mechanism, and regularly practice backup and restoration plans.
					Increase in operating expenses	Long term (more than 10 years)	Regularly check the distribution of operating sites. Evaluate and increase flood

Item	Implementation status						
							prevention facilities for the operating sites located in regions with high climate risks.
				Product	Increase in expenditure for claims settlement	Long term (more than 10 years)	Continually track the provisions of domestic regulations on life insurance products and confirm the necessity to include climate risks in relevant designs including life insurance product actuarial and development.
	Opportunities	Resource efficiency	The operating cost can be reduced through the improvement of efficiency of machinery equipment and transportation (especially	Operation	Decrease in operating expenses	Short term (within 3 years)	1. Continually and effective control energy. 2. Replace the old equipment, improve the utilization efficiency of energy and resources, and reduce operating

Item	Implementation status						
			referring to energy utilization efficiency), including more extensive water resource and waste management.				expenses.
		Energy sources	Annual energy cost and carbon emissions may be saved after low-carbon energy is used.	Operation	Decrease in operating expenses	Medium term (3~10 years)	Evaluate and consider the gradual increase of consumption of renewable energy.
		Products/services	Business opportunities may be increased through the provision of low-carbon products or services (e.g., zero carbon insurance policies, electronic services, etc.).	Operation	Increase in operating revenue	Short term (within 3 years)	Continually promote the use of digital tools and reduce power consumption and carbon emissions.
				Product	Increase in operating revenue	Short term (within 3 years)	Provide insurance products that encourage consumers' green behaviors.
			Continually promote paperless	Operation	Decrease in operating	Short term	Promote a paperless office environment,

Item	Implementation status						
			office (electronic sheet service) and sign-off system, and reduce paper consumption, and improve work efficiency.		expenses	(within 3 years)	reduce paper consumption, and improve work efficiency.
		Market	Invest in low-carbon or green energy industries to expand the market.	Investment	Increase in income from investment	Short term (within 3 years)	Focus on green energy technology and invest in environment-friendly circular economy.
		Resilience	Continually manage climate-related risks and establish operating uninterrupted services, to improve climate resilience.	Operation	Increase in operating revenue	Short term (within 3 years)	Maintain and adjust as appropriate the operation continuity management mechanism, and regularly practice backup and restoration plans.
3. Describe the impact of extreme climate events and transition actions on the finance.	Transition risks: 1. If an investee is engaged in an industry with high climate risks (e.g., industry with high carbon emission, high energy consumption, or high pollution), the profitability of this investee may be affected due to the following influences, which can further influence the Company's return on investment:						

Item	Implementation status
	(1) The operating cost is increased due to factors such as changes in energy regulations and collection of carbon charge. (2) The existing products and services are replaced due to the maturity of emerging or low-carbon technologies, or the enterprise needs to pay tremendous expenses due to its failure to improve carbon reduction process, energy utilization efficiency, or carbon capture and storage technology, and to deal with the public's negative impression of high-risk industry. (3) With the improvement of the public awareness of environmental protection, structural preferences and changes are generated to result in the transfer of demand to green industries. 2. Since the awareness of climate change is enhanced in the whole society, negative perception will be caused if the Company invests in the industries with high climate risks. 3. The electricity fees for corporation operation and the carbon cost are increased due to the collection of carbon charges at home and abroad and the change in energy policy. Physical risks: 1. The asset value of real estate investments and relevant collateral is lowered due to climatic disasters to affect the impairment of asset value and loan lending guarantee of the Company. 2. The extreme climatic disasters may damage the Company's operating sites or equipment to result in the interruption of corporate operation. In addition to the increase of renovation expenses, the operating income may also be lowered. 3. Since there is no specific and modeled conclusion regarding the impact of physical risks of climate change on life insurance products, the Company still needs to continue observation and analysis. Relevant responsible units have already established responsive strategies to address transition

Item	Implementation status
	and physical risks in the hope that the possible financial impact on the Company could be mitigated.
4. Describe how the identification, evaluation, and management processes of climate risks are integrated in the overall risk management system.	The Company includes climate change risks into its "Risk Management Policy", and has established "Regulations Governing the Management of Climate Change Risks" for management and control. When the first line of defense executes climate risk management, the relevancy of each risk factor to the existing risks is analyzed, and a connection is established and integrated into the overall risk management system.
5. Scenarios, parameters, assumptions, and analysis factors used as well as the main financial impacts shall be explained if scenarios are used to analyze and evaluate the resilience of climate change risks.	Physical risks: With reference to the future risks of flood disasters estimated per "Taiwan Disaster Risk Map" released by National Science and Technology Center for Disaster Reduction (NCDR), the Company considers the degree of hazard (probability of extreme rainfall), vulnerability (flooding scope under specific rainfall conditions) and risk exposure (the higher the population density, the higher the risk exposure), evaluates the risk level (relative risk) of this region, and comprehensively assesses the floor and age of target building. Transition risks: With reference to the climate scenarios released by the NGFS, scenario analysis is carried out for investees engaged in the industries with high carbon emissions, and the operating cost increased due to expenditure of carbon charges under the scenarios of Orderly-Net Zero 2050 and Hot House World-Current Policies is evaluated respectively. 1. Valuable securities Check the greenhouse gas emissions of the targeted investees to import scenario analysis and estimate the carbon charge expenditure possibly faced by them in the future; it is evaluated and confirmed that the targeted investees with high carbon emissions will face tremendous

Item	Implementation status
	carbon charge expenditure in 2050 under the scenario of Orderly-Net Zero 2050. 2. Operating sites Check the power consumption of each operating site, and convert carbon emissions according to the power carbon emission coefficient to import scenario analysis. It is evaluated and confirmed that the main carbon emission source of the Company is the power consumption in the office building since the Company is in the financial insurance industry. It is tentatively evaluated that no significant operating cost is increased in this regard.
6. The contents of a transition plan in response to the management of climate-related risks shall be indicated if any, together with indicators and objectives used to identify and manage physical and transition risks.	The planned contents, indicators, and objectives established by the Company for managing physical and transition risks are mainly explained as follows: 1. Carry out climate risk management and audit of the investment business with TCFD framework, and check the coverage ratio of 80% of investment portfolios in the early stage of PCAF imported. 2. Monitor the risk exposure of the Company during the investments in the industries or enterprises with high carbon emissions, evaluate the climate risks of investees in the industries with high climate risks among the investment portfolios, and aim at an evaluation ratio of 75% in the initial stage. 3. Lower the greenhouse gas emissions from the operation, with short-term goal of accumulatively reducing carbon emissions by 10% in 2023 and 12% in 2025 respectively. 4. Continually monitor and actively respond to the Company's negative messages regarding climate risk management. 5. Evaluate and add protective measures (e.g., flood prevention equipment) for real estate with high climate risks held by the Company, add physical risk evaluation items in the real estate questionnaire, and aim at a case evaluation ratio of 50% in the initial stage. 6. Continually track relevant regulations and studies concerning climate risks of life insurance products in Taiwan, with the objective to evaluate the impact of climate risks on life insurance products as well as the future trends.

Item	Implementation status
	7. Continually strengthen the mechanism for continual management of operations related to natural disasters. Handle at least 1 regular drill, backup, and recovery plan every year (efficiency of recovery time lower than 24h/time) to ensure that the Company can quickly recover operations in case of relevant accidents.
7. The price setting basis shall be explained if internal carbon pricing is used as a planning tool.	The Company didn't use internal carbon pricing as a climate change risk strategy management tool in 2023.
8. Information including activities covered, scope of greenhouse gas emissions, planned scheduled, and required annual progress shall be described if climate-related goals are established; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant goals, the sources and quantity of carbon quota offset or the quantity of RECs shall be described.	Scope of greenhouse gas emission check: The Company checks the carbon emission of all operation sites. Check items: Carbon emissions generated from Scope 1, Scope 2, and Scope 3 (employees' business travels) Achievement rate of carbon reduction in 2023: Down by approximately 17.63% compared to that in 2022. The Company establishes a short-term goal of reduction of carbon emissions by 3% from 2024 to 2025 and a medium-term goal of annual reduction of 10% carbon emissions in 2030. After the rapid changes of science and technology and the mature development of the green energy industry, the Company expects to realize the long-term goal of Net Zero 2050 set by the government.
9. Greenhouse gas inventory verification and assurance as well as greenhouse gas reduction goals, strategies and specific action plans (filled out in 1-1 and 1-2 separately)	

1-1 Greenhouse gas inventory verification and assurance of the Company in the last two years

1-1-1 Information on greenhouse gas inventory verification

Describe the emissions (tCO_2e) and density (tCO_2e/NT$ 1 million) of greenhouse gases in the last two years as well as data coverage.
According to the inventory verification of operating sites in Taiwan, the carbon emissions of Scope 1 and Scope 2 reached 9,618.2536 tCO_2e and the density was 0.595 tCO_2e/NT$ 1 million in 2022, while the carbon emissions of Scope 1 and Scope 2 reached 7,922.1730 tCO_2e and the density was 0.438 tCO_2e/NT$ 1 million in 2023.

Note 1: Direct emissions (Scope 1, emissions directly from emission sources owned or controlled by the Company), indirect energy-related emissions (Scope 2, indirect greenhouse gas emissions from input power, heat or steam), and other indirect emissions (Scope 3, emissions generated from the Company's activities rather than indirect energy emissions and coming from emission sources owned or controlled by other companies).
Note 2: The coverage of data regarding direct emissions and indirect energy-related emissions shall be handled according to the schedule determined in Article 10-2 of this regulation. Information on other indirect emissions may be disclosed voluntarily.
Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

1-1-2 Information on greenhouse gas assurance

Describe the assurance status in the last two years as of the publication date of the annual report, including scope of assurance, assurance agency, assurance criteria, and assurance opinion.
In 2022 and 2023, PwC was entrusted to complete the assurance of Scope 1 and Scope 2 of all operating sites in Taiwan per ISAE "Assurance Engagements on Greenhouse Gas Statements" and issue assurance reports for limited assurance. Furthermore, ARES International Certification Co., Ltd. was entrusted to execute the verification of indirect greenhouse gas emissions from products used by the organization in Scope 1, Scope 2 and Scope 4 and issue a limited verification statement in accordance with ISO 14064-3: 2-2019 published by the International Organization for Standardization (ISO).

Note 1: It shall be handled according to the schedule determined in Article 10-2 of this regulation. If the Company fails to acquire a complete opinion on greenhouse gas assurance as of the publication date of the annual report, it shall specify "The complete assurance information will be disclosed in the sustainability report". If the Company hasn't prepared a sustainability report, it shall specify "The complete assurance information will be disclosed in MOPS" and disclose complete assurance information in the annual report of the next year.
Note 2: The assurance agency shall comply with relevant provisions established by Taiwan Stock Exchange Corporation and Taipei Exchange regarding sustainability report assurance agencies.
Note 3: The disclosed contents may be determined with reference to the examples of best practice principles on the website of the Corporate Governance Center of Taiwan Stock Exchange Corporation.

1-2 Greenhouse gas reduction goals, strategies, and specific action plans

Describe the base year of greenhouse gas reduction, relevant data, greenhouse gas reduction goals, strategies and specific action plans, and achievement status of these goals
The carbon emissions of Scope 1 and Scope 2 reached 9,618.2536 tCO2e in 2022 and 7,922.1730 tCO2e in 2023 respectively; since significant workplace changes occurred in 2023, relevant adjustment is made to adopt the year 2023 as the base period. The Company aims to reduce carbon emissions by 3% from 2024 to 2025 The specific carbon reduction measures and action plans are as follows: (New ones will be added year by year)

		2023	2024	2025	2026
Reduction of carbon emissions from operation	Management measures	1. Adjust the timers of air conditioners in the workplaces and add the frequency of shutdown of air conditioners 2. As for the control of air-conditioning temperature in public areas, the temperature shall be set up at 26℃ in other places except necessary areas like toilets.	1. Stipulate lighting switching modes needed for different periods in public areas. 2. Control the use of air conditioners of the offices during holidays.	1. Continually provide colleague with education of environmental protection and encourage the thinking of energy conservation and carbon reduction. 2. Cooperate with suppliers, and encourage them to reduce low-carbon footprints and promote the use of environment-friendly raw materials.	Introduce an intelligent energy monitoring system to monitor the energy use of electrical equipment in a real-time way and optimize energy allocation.

	Energy-saving equipment	1. Replace the original 2 fuel motorcycles with electric motorcycles. 2. Replace the old air-conditioning equipment.	1. Arrange the replacement of lamps in workplaces with LED lamps (Taoyuan-Hsinchu Region and Tainan). 2. Regularly clean fan filters and outdoor radiator fins to improve the efficiency of the air-conditioning units.	1. Replace the existing fuel vehicles with hybrid vehicles upon replacement of official vehicles. 2. Continually update and upgrade facilities and use more energy-saving equipment.	Replace the existing fuel vehicles with hybrid vehicles upon replacement of official vehicles used by senior officers.
Expansion of the use of renewable energy	Renewable energy	Use solar panels installed in the self-owned building.	Evaluate the addition of solar panels on the roof of the self-owned building.	1. Plan the addition of solar panels. 2. Evaluate the purchasing of relevant green electricity, and execute it in 2026.	Purchase relevant green electricity.
Implementation of environmental management and expansion of influence	Introduction of certification	1. Continue the greenhouse gas inventory verification and assurance. 2. Continue the advocacy of energy conservation and carbon reduction.	1. Evaluate the introduction of ISO 50001 Energy management system standard. 2. Evaluate the execution of SBTi (Science-based Targets initiative).	1. Execute SBTi (Science-based Targets initiative). 2. Expand the purchasing of products with green and environment-friendly labels.	Cooperate with suppliers who have passed the environmental certification of ISO 14064 and ISO 14001, or value ESG with priority.

Note 1: It shall be handled according to the schedule determined in Article 10-2 of this regulation.

Note 2: The base year shall be the year when inventory verification of the boundary of consolidated financial statements is completed. For example, according to the provisions of Article 10-2 of this regulation, companies with capital above NT$ 10 billion shall complete the inventory verification of consolidated financial reports of 2024 in 2025. Therefore, the

base year is the year 2024. If a company has already finished the inventory verification of consolidated financial statements in advance, this earlier year may be determined as the base year. Besides, the data of the base year shall be calculated according to the data of a single year or the average of several years.
Note 3: The disclosed contents may be determined with reference to the examples of best practice principles on the website of the Corporate Governance Center of Taiwan Stock Exchange Corporation.

(VI) Performance status of business integrity management, deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
1. Establishment of Ethical Corporate Management Policies and Programs (1) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (2) Has the Company established a risk assessment mechanism against unethical conduct, and analyzed and assessed on a regular basis the business activity within	✓		(1) The Company has established "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Corporate Management and Policy for Behavioral Management" which have been approved by the Board of Directors before implementation. These regulations have expressly prescribed the policy and practice of the ethical corporate management. The aforesaid rules and regulations as well as the implementation status of ethical corporate management are disclosed on the Company's official website. The directors and senior management of the Company as well as employees have also issued a statement of compliance with the ethical corporate management policy. (2) The Company has already established a risk assessment mechanism against unethical conduct that the risk assessment is handled once every two years, analyzed and assessed on a regular basis the business activity within its	No material deviation

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
its business scope which is at a higher risk of being involved in unethical conduct, and established 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/TPEx Listed Companies?			business scope which is at a higher risk of being involved in unethical conduct. Also, the Company has established prevention programs accordingly and included them into "Procedures for Ethical Corporate Management and Policy for Behavioral Management". This policy also includes those specified in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".	
(3) Does the Company provide any solutions to prevent unethical conduct, stipulate procedures, conduct guidelines, punishment for violation as well as appeals, and put into practice, review, and revise on a regular basis the aforesaid solutions?			(3) Procedures for prevention of unethical conduct are expressly prescribed in the Company's "Procedures for Ethical Corporate Management and Policy for Behavioral Management", and punishment procedures and disciplinary punishments have been established to cope with the violations of the Ethical Corporate Management Best Practice Principles. The Company will pay attention to the development of relevant regulations governing the ethical corporate management at home and abroad, encourage directors, managerial officers, and employees to make suggestions, and review the policy for ethical	

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
			corporate management of the Company and the promoting measures on this basis, to improve the implementation effect of the Company's ethical corporate management.	
2. Fulfillment of Ethical Corporate Management	✓			No material deviation
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?			(1) The Company has established "Regulations Governing the Purchasing Requisition and Other Operating Expense Disbursement" which clearly stipulates the manufacturing selection principles and purchasing procedures with the objective to conduct business activities in a fair and transparent manner. The Company evaluates whether the long-term cooperative manufactures have any unethical records on a regular basis, and specify relevant provisions in the contracts according to relevant laws and regulations, or order the manufactures to sign "Letter of Commitment to Manufacturers' Integrity and Incorruption".	
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the			(2) The Company designates the Corporate Governance and Nomination Committee which is subordinate to the Board of Directors as a dedicated unit to take charge of establishing, supervising, and executing the ethical corporate management policies, and reporting the	

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
implementation of ethical corporate management policies and unethical conduct prevention programs?			compliance of ethical corporate management to the Board of Directors regularly every year.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?			(3) The Company has established procedures for avoidance, declaration, and handling of conflict of interest in "Procedures for Ethical Corporate Management and Policy for Behavioral Management", as well as regulations including "Code of Ethics" and "Regulations Governing the Handling of Impeachment Cases" to prevent conflict of interest. Also, the Company provides whistleblowing channels to implement the ethical corporate management policies.	
(4) Has the Company established effective accounting and internal control systems to implement ethical corporate management and have its internal audit department, based on the results of the assessment of the risk of involvement in unethical conduct, formulate audit plans and audit compliance with prevention programs			(4) In order to implement ethical corporate management, the Company has established relevant accounting system, handled all the accounting work, and appointed CPAs to audit or review the financial reports to ensure the fair expression of financial statements; the Company has already established an effective internal control system. The internal audit unit is responsible for drafting relevant audit plans based on the results of the assessment of the	

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
accordingly or entrusted a CPA to conduct the audit?			risk of involvement in unethical conduct, verifying the compliance with the programs designed to prevent unethical conduct, and regularly auditing the implementation status of relevant work process. The audit results will be included in audit report and submitted to the Audit Committee and independent directors for review. The internal audit unit of the Company obtained the highest universal compliance through the external audit and independent verification of quality evaluation o by SAIV in 2014, which sufficiently proved the effective auditing function. Besides, the Company designates relevant external accounting firm to periodically audit the design and implementation status of the Company's internal control periodically every year. The audit results are fairly expressed.	
(5) Does the Company regularly hold internal and external training on ethical corporate management?			(5) The Company provides internal advocacy, and relevant education and training for directors, internal staff, and agency force as appropriate, and encourages directors, senior officers, and colleagues to participate in relevant external training courses. The handling of education and	

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
			training has also been disclosed on the Company's official website.	
3. Operation of the Whistleblowing System (1) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party? (2) Has the Company established standard	✓		(1) The Company has established "Regulations Governing the Handling of Whistleblowing Cases" (hereinafter referred to as "the Regulations"), set up diversified whistleblowing channels, and designated a responsible unit for accepting the whistleblowing cases. Besides, appropriate personnel from relevant departments are assigned respectively to form an investigation group in consideration of the ranks of accused party and the nature of the case; additionally, the Company has established a reward system. If an employee of the Company infroms a case in which he/she is not held responsible, and this case is found to be true through investigation, and therefore this conduct reduces losses for the Company, or makes other significant contributions to the Company, the investigation group may apply to relevant personnel unit for appropriate reward to this whistleblower. (2) The Regulations include standard operating procedures for	No material deviation

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and related confidentiality mechanisms? (3) Does the Company protect whistleblowers against improper treatment?			investigating reported misconduct, and follow-up measures to be adopted after investigation, as well as provisions governing relevant personnel's obligations to coordinate the investigation and remain confidential. (3) To protect the whistleblowers and ensure smooth whistleblowing channels, the Company has also explicitly determined whistleblower protection measures in the Regulations to protect the whistleblowers from adverse punishment or conduct due to the whistleblowing act.	
4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company has already disclosed the contents of the Company's "Ethical Corporate Management Best Practice Principles" on its official website and MOPS, as well as the implementation status of annual ethical corporate management and the handling of relevant education and training on the official website respectively.	No material deviation
5. If the Company has established its own ethical corporate management policies based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and any deviation thereof: No material deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"				

Evaluation item	Operation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Description	
6. Other important information to facilitate a better understanding of the Company's ethical corporate management: (e.g., details of the Company's review and correction of its Ethical Corporate Management Best Practice Principles) None				

（VII) Query methods of the Corporate Governance Best Practice Principles and relevant rules and regulation

1. The Company has established rules and regulations including "Articles of Incorporation", "Rules of Procedure for the Shareholders' Meeting", "Corporate Governance Best Practice Principles", "Rules of Procedure for the Board of Directors", "Regulations Governing the Election of Directors", "Rules for Scope of Responsibilities of Independent Directors", "Rules of Organization of the Audit Committee", "Rules of Organization of the Remuneration Committee", "Rules of Organization of the Risk Management Committee", "Rules of Organization of the Corporate Governance and Nomination Committee", "Measures for Performance Evaluation of the Board of Directors", "Procedures for Acquisition or Disposal of Assets", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Corporate Management and Policy for Behavioral Management", "Code of Conduct", and "Corporate Sustainable Development Best Practice Principles".
2. Relevant rules and regulations of the Company can be queried and downloaded from the Company's website (http://www.mli.com.tw), and MOPS (http://mops.twse.com.tw/mops/web/index).

(VIII) Other important information to facilitate a better understanding of the Company's corporate governance shall be disclosed as well:

Relevant information can be queried from the Company's website (http://www.mli.com.tw).

(IX) Implementation of Internal Control System

1. Internal Control Statement

三商美邦人壽保險股份有限公司
Mercuries Life Insurance Co., Ltd.

Mercuries Life Insurance Co., Ltd.
Statement of Internal Control System

The Company hereby declares a statement regarding the results of the self-inspection of the internal control system from January 1, 2023 to December 31, 2023 as follows:

I. The Company is aware that the establishment, implementation and administration of the internal control system is the responsibility of the Board of Directors and management, and the Company has established this system. The purpose of the internal control system is to provide reasonable assurance regarding the achievement of objectives relating to operations, financial reporting, and compliance. The objective relating to operations lies in the pursuit of effectiveness and efficiency of the operations, including the goals of profitability, performance, and asset security. The objective relating to financial reporting lies in the pursuit of reliability in external financial reporting. The objective relating to compliance lies in the conformity to relevant laws and regulations. The legal compliance system is a part of the internal control system to serve the purpose of legal compliance. The financial records and statements are consistently prepared according to the Insurance Act and relevant regulations, and they are part of outcomes of the internal control system to serve the purpose of financial reporting.

II. The internal control system has its inherent limitations. Regardless of how perfect its design is, an effective internal control system can only provide reasonable assurance regarding the achievement of the aforementioned three objectives; in addition, due to changes in the circumstances and conditions, the effectiveness of the internal control system may change along with them. However, the Company's internal control system has a self-monitoring mechanism. Once a deficiency is identified, the Company will immediately take corrective action.

III. The Company judges whether the design and implementation of the internal control system of the Company is effective in accordance with the requirements of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises promulgated by the Financial Supervisory Commission (hereinafter referred to as the "Implementation Regulations"). The judgment above on the effectiveness of the internal control system is made according to the items for judgment as stipulated in "Implementation Regulations." The internal control system is divided into five components: (1) Control environment, (2) Risk assessment, (3) Control operations, (4) Information and communication, and (5) Supervision operations. Each component includes a number of items for judgment. For the items above, please refer to the provisions of the "Implementation Regulations."

IV. The Company has adopted the aforementioned items for judgment of internal control system to check the design and the effectiveness in the implementation of the internal control system.

V. Based on the results of inspections in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including operations, financial reporting, information security, and compliance) during the aforementioned period are valid and can reasonably ensure the Board of Directors and managerial officers are aware of the degree of achievement of objectives relating to operations, financial reporting and compliance with the exception of the items listed in the Schedule. It is also considered that the financial records and statements are prepared in accordance with the Insurance Act and relevant regulations, and the basis for the preparation is consistent and fairly correct.

VI. This statement will become the main content of the Company's annual report and prospectus. If the contents disclosed above are false or concealed, it will involve legal liabilities as specified in Articles 20, 32, 171, and 174 of the Securities Exchange Act and the relevant provisions of the Insurance Act.

VII. This statement was approved by the Board of Directors of the company on March 13, 2024.

To

Financial Supervisory Commission

Declarants

Chairman: Wong, Chau-Shi	(Signature)
President: Chen, Hung-Sheng	(Signature)
General Auditor: Liu, Shu-Ying	(Signature)
General Compliance Officer of the Institution: Hsieh, Shu-Fang	(Signature)
Chief Information Security Officer: Chao, Hsin-Hui	(Signature)

March 13, 2024

三商美邦人壽保險股份有限公司
Mercuries Life Insurance Co., Ltd.

Matters to be Strengthened and Improvement Plan for the Internal Control System of Mercuries Life Insurance Co., Ltd.

(Base Date: December 31, 2023)

Matters to be Strengthened	Improvement measures	Scheduled time for completion of improvement
According to Chin-Kuan-Pao-Shou-Tzu No. 11204919452 Punishment Notification issued by the Financial Supervisory Commission on June 2, 2023, a penalty of NT$ 4.8 million was imposed on the Company regarding its investment in inverse ETF. Relevant opinions are summarized as follows: During the operations related to the investment in inverse ETF, the Company failed to establish a control mechanism or implemented internal regulations in the process of evaluation, decision-making, execution management, review of stop-loss, etc., indicating a serious deficiency in the internal control system adopted by the Company for fund utilization, risk management, and personnel management.	1. The Company will not invest in inverse ETF in the future for the purpose of risk mitigation. 2. The investment policy has been revised to add a control mechanism that the changes to asset allocation of the annual business plan reaching the materiality criteria shall be submitted to the Board of Directors for review and an evaluation mechanism for appropriateness of the materiality criteria. 3. The relevant operating handbooks has been revised to include operating procedure for RBC Monitoring Meeting and guidelines for tracking and reporting the effectiveness of inverse ETF investment. 4. Performance measurement standards for executive management have been adjusted. 5. The relevant stock investment stop-loss mechanism has been revised.	Improvements have been completed.

2. Independent Auditors' Report

KPMG
安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
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傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report on Reasonable Assurance

Mercuries Life Insurance Co., Ltd.,

We have performed necessary procedures for the design and execution status of your internal control system that is related to the external financial reporting (including the correctness of data of the statements applied to the competent authority in accordance with the internal control system that governs financial reporting), guarantee of asset safety (to avoid unauthorized acquisition, use, and disposal of assets), and regulatory compliance on December 31, 2023, and a declaration issued on March 13, 2024 indicating that the internal control system related to the preceding three items was effectively designed and executed as of December 31, 2023.

Objectives, Subject Matter Information, and Applicable Standards

The objectives and subject matter information of this assurance engagement is the design and execution status of the internal control system of Mercuries Life Insurance Co., Ltd. related to the external financial reporting (including the correctness of data of the statements applied to the competent authority in accordance with the internal control system that governs financial reporting), guarantee of asset safety (to avoid unauthorized acquisition, use, and disposal of assets), and regulatory compliance on December 31, 2023 and a declaration issued by Mercuries Life Insurance Co., Ltd. on March 13, 2024 indicating that the internal control system related to the preceding three items was effectively designed and executed as of December 31, 2023 respectively. See Appendix 1 for details.

The applicable standards used to measure or evaluate the preceding objectives of assurance and subject matter information refer to the effectiveness criteria of internal control system indicated in the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, the Regulations Governing Foreign Investments by Insurance Companies, and other relevant laws, regulations, and rules.

Inherent Limitations

Since any internal control system has its inherent limitations, it is still possible that the aforesaid internal control system of Mercuries Life Insurance Co., Ltd. would fail to prevent or detect existing errors or frauds. In addition, with the possible environmental change in the future, the extent to which the internal control system is followed may also be lowered. Therefore, the internal control system appearing effective in this period does not necessarily remain the same in

the future.

The Management's Responsibility

The management's responsibility is to establish an internal control system, review it at any time to sustain the continuous effectiveness of its design and execution, and issue a declaration of internal control system on this basis after evaluation of its effectiveness in accordance with the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, the Regulations Governing Foreign Investments by Insurance Companies, and other relevant laws, regulations, and rules.

Auditors' Responsibility

It is our responsibility to perform necessary procedures for objectives and subject matter information to acquire reasonable assurance, and conclude whether the objectives and subject matter information follow and present fairly the applicable standards in all the material aspects in accordance with Article 26 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, the Regulations Governing Foreign Investments by Insurance Companies, examples for auditors' auditing of the internal control system in the insurance industry as specified in Chin-Kuan-Pao-Tsai-Tzu No. 10602506430 Order released on January 15, 2018, Chin-Kuan-Pao-Tsai-Tzu No. 11204939731 Order released on November 13, 2023, and Chin-Kuan-Pao-Tsai-Tzu No. 10904350082 released on January 22, 2021 respectively, and ISAE 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information".

Auditors' Independence and Quality Management Standards

We and our accounting firm have followed the provisions set forth in Code of Ethics for Professional Accountants regarding independence and other moral standards. The principles of this Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, our accounting firm follows the required quality management standards, and sustains a complete management system which contains written policies and procedures pertaining to the compliance with the Code of Ethics for Professional Accountants, professional criteria, and applicable laws and regulations.

A Summary of Procedures Performed

We planned and executed necessary procedures based on our professional judgment to acquire evidence relating to the objectives and subject matter information. The procedures performed include the understanding of the Company's internal control system, the evaluation of the process of the management's assessment of the effectiveness of the internal control system, testing and evaluation of the effectiveness of the design and execution of the internal control system related to external financial reporting (including the correctness of data of the statements applied to the competent authority in accordance with the internal control system that governs financial reporting), guarantee of asset safety (to avoid unauthorized acquisition, use, and

disposal of assets), and regulatory compliance, as well other assurance procedures deemed necessary.

Conclusion on Assurance

According to our opinion, the design and execution of the internal control system of Mercuries Life Insurance Co., Ltd. related to external financial reporting (including the correctness of data of the statements applied to the competent authority in accordance with the internal control system that governs financial reporting), guarantee of asset safety (to avoid unauthorized acquisition, use, and disposal of assets), and regulatory compliance on December 31, 2023 complied with the effectiveness criteria of the internal control system specified in the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, the Regulations Governing Foreign Investments by Insurance Companies, and other relevant laws, regulations, and rules, with effectiveness sustained; the declaration issued by Mercuries Life Insurance Co., Ltd. on March 13, 2024 indicating that the internal control system related to the preceding three items was effectively designed and executed as of December 31, 2023 was presented fairly in all material aspects.

Emphasis of Matter Paragraph

Pursuant to the declaration in the fifth paragraph of the subject matter information, we have already checked the improving measures taken to address to penalty imposed by the competent authority (the Financial Supervisory Commission) on Mercuries Life Insurance Co., Ltd. in 2023. For more information regarding our tracking of the improvement of the aforesaid punishment, you may refer to Appendix 2. We haven't corrected our conclusion on assurance for the preceding matter.

KMPG

CPAs Hsieh, Chiu-Hua (signature and seal)

Chen, Chun-Kuang (signature and seal)

March 13, 2024

Appendix 1

Mercuries Life Insurance Co., Ltd.
Follow-ups of the Improvements Required for the Declaration of Internal Control System in 2023

The improvements required for the Declaration of Internal Control System of Mercuries Life Insurance Co., Ltd. in 2023 have been reviewed, and the handling of improving measures have been followed up. As of this report date, improving measures have been inspected and confirmed as free from major abnormality. It is thus explained in the table below.

Improvements required	Improving measures	Scheduled/actual time of completion	Recheck and follow-ups of the improvements
According to Chin-Kuan-Pao-Shou-Tzu No. 11204919452 Punishment Notification issued by the Financial Supervisory Commission on June 2, 2023, a penalty of NT$ 4.8 million was imposed on the Company regarding its investment in inverse ETF. Relevant opinions are summarized as follows:		All improvements have been completed.	
During the operations related to the investment in inverse ETF, the Company failed to establish a control mechanism or implemented internal regulations in the process of evaluation, decision-making, execution management, review of stop-loss, etc., indicating a serious deficiency in the internal control system adopted by the Company for fund utilization, risk management, and personnel management.	1. The Company will not invest in inverse ETF in the future for the purpose of risk mitigation.		Through the review of "Regulations Governing the Stock Asset Risks" on October 21, 2022, relevant content regarding the investments in domestic and foreign inverse ETFs for the purpose of risk reduction was already deleted, and it was signed off by the Chairman and then published for application.
	2. The investment policy has been revised to add a control mechanism that the changes to asset allocation of the annual business plan reaching the materiality criteria shall be submitted to the Board of Directors for review and an evaluation mechanism for appropriateness of		Through the review of "Investment Policy" on June 29, 2023, a control mechanism to address significant changes in the asset allocation of the annual business plan was added, and the materiality level of each asset type submitted to the Board of Directors for review was determined. The appropriateness of materiality will be reviewed once half a year.

Improvements required	Improving measures	Scheduled/actual time of completion	Recheck and follow-ups of the improvements
	the materiality criteria.		
	3. The relevant operating handbooks has been revised to include operating procedure for RBC Monitoring Meeting and guidelines for tracking and reporting the effectiveness of inverse ETF investment.		1. Through the review of Section 5 "Operating Procedure for RBC Monitoring Meeting", Chapter 2 of Operation Handbook for Actuarial Management Section on November 4, 2022, the related contents include: (1) Purpose of meeting: To properly manage RBC, the Company regularly assigns the President to convene RBC monitoring meeting. The actuarial department is responsible for summarizing the latest financial forecast information provided by relevant business units and estimating the latest results of RBC as reference information for corporate management. (2) Orientation of meeting: This meeting is only a cross-departmental communication platform, and is intended to provide the supervisors of relevant departments with the RBC measurement results obtained based on the latest financial forecast as reference information for corporate management. Also, this mechanism assists the tracking of improving measures reported to the competent authority. (3) Authorities and responsibilities of the meeting: This meeting is not a decision-making meeting, and it only provides the latest estimation results of RBC. In case of any decision-making direction, the responsible units shall still handle it according to the existing mechanism and hierarchical authorization. (4) Data generated from the meeting: The latest financial forecast information provided by relevant business units are summarized according to the schedule of RBC monitoring meeting. The meeting data provided includes "Tracking Matters in the Previous Meeting" and RBC related data in the current period. 2. Through the review of Section 3, Chapter 1 of Operation Handbook of Equity Investment Department on

Improvements required	Improving measures	Scheduled/actual time of completion	Recheck and follow-ups of the improvements
			February 24, 2023, a process of Taiwan stock inverse ETF interlocking mechanism was added. 3. Through the review of the meeting report of the 7th Investment Committee in 2023, it was already indicated on page 57 that the implementation effect was reported through the inverse interlocking mechanism 4. Through the review of inverse position and forward position (group M1A16) in September 2023, the interlocking ratio fell in the determined interval of 90%-110%.
	4. Performance measurement standards for executive management have been adjusted.		1. "Key Performance Indicator" of the Chief Investment Officer in 2022 were acquired from the HR Department and it was confirmed through review that the indicators already included the realized, unrealized, and processing progress inclusion indicators of Yuanta Daily Taiwan 50 Bear -1X ETF. 2. Through review of Chapter 19 of Human Resources Handbook revised on July 28, 2022, the value of unrealized profit or loss by "Coverage Method" used for trial calculation of financial assets before and after inclusion to EPS was determined, and RBC value not affected by the 1X inverse ETF was provided to the HR Department for the Remuneration Committee to measure the performance of management executives.
	5. The relevant stock investment stop-loss mechanism has been revised.		Through the review of "Regulations Governing the Stock Asset Risks" on October 21, 2022, a stock investment stop-loss mechanism was established, which contained due stop-loss ratio, date of stop-loss, subsequent management, and application of exceptions.

(X) If the results of legal penalties to the Company and its internal personnel, or penalties of the Company to the internal personnel for the violation of the provisions of the internal control system in the most recent fiscal year and as of the publication date of the annual report may have a material impact on the shareholders' equity or securities price, the contents of such punishments, principal deficiencies and improvements shall be described.

Chin-Kuan-Pao-Shou-Tzu No. 11204919452 Punishment Notification issued by the Financial Supervisory Commission on June 2, 2023:

I. Content of punishment: A penalty of NT$ 4.8 million was imposed according to the provisions of Paragraph 4 of Article 171-1 of the Insurance Act.

II. Main deficiency: During the operations related to the investment in inverse ETF, the Company failed to establish a control mechanism or implemented internal regulations in the process of evaluation, decision-making, execution management, review of stop-loss, etc., indicating a serious deficiency in the internal control system adopted by the Company for fund utilization, risk management, and personnel management.

III. Improvement status:

1. The Company will not invest in inverse ETF in the future for the purpose of risk mitigation.
2. The investment policy has been revised to add a control mechanism that the changes to asset allocation of the annual business plan reaching the materiality criteria shall be submitted to the Board of Directors for review and a evaluation mechanism for appropriateness of the materiality criteria.
3. The relevant operating handbooks has been revised to include operating procedure for RBC Monitoring Meeting and guidelines for tracking and reporting the effectiveness of inverse ETF.
4. Performance measurement standards for executive management have been adjusted.
5. The relevant stock investment stop-loss mechanism has been revised.

(XI) Material resolutions of the Shareholders' Meeting and the Board of Directors in the most recent fiscal year and as of the publication date of the annual report

1. Material resolutions of the Shareholders' Meeting

(1) Regular Shareholders' Meeting on June 15, 2023

Material resolution made by the Shareholders' Meeting	Resolution result	Implementation status and review
Approval of Acknowledgement of the Business Report and Financial Statements in the Year 2022	Voting results of this proposal: The number of voting rights held by the attending shareholders reached 2,629,758,631 (among which 2,570,262,459 voting rights exercised by electronic voting) upon voting; 2,530,998,069 voting rights (among which 2,492,891,715 voting rights exercised by electronic voting) were exercised in favor of this proposal, and 13,120,372 voting rights (among which 6,848,524 voting rights exercised by electronic voting) were exercised against this proposal. There were 0 invalid voting rights, and 85,640,190 waived/unexercised voting rights (among which 70,522,220 voting rights exercised by electronic voting). The number of voting rights in favor of this proposal accounted for 96.24% of the total voting rights held by the attending shareholders, and therefore this proposal was approved as submitted.	The resolution result was already followed, and relevant announcement was released.
Approval of Acknowledgement of the Proposal for 2022 Deficit Compensation	Voting results of this proposal: The number of voting rights held by the attending shareholders reached 2,629,758,631 (among which 2,570,262,459 voting rights exercised by electronic voting) upon voting; 2,533,194,291 voting rights (among which 2,495,087,937 voting rights exercised by electronic voting) were exercised in favor of this proposal, and 13,728,107 voting rights (among which 7,456,259 voting rights exercised by electronic voting) were exercised against this proposal. There were 0 invalid voting rights, and 82,836,233 waived/unexercised voting rights (among which 67,718,263 voting rights	The resolution result was already followed, and relevant announcement was released.

Material resolution made by the Shareholders' Meeting	Resolution result	Implementation status and review
	exercised by electronic voting). The number of voting rights in favor of this proposal accounted for 96.32% of the total voting rights held by the attending shareholders, and therefore this proposal was approved as submitted.	
Approval of Discussion of Proposal to Amend the "Rules of Procedure for Shareholders Meetings"	Voting results of this proposal: The number of voting rights held by the attending shareholders reached 2,629,758,631 (among which 2,570,262,459 voting rights exercised by electronic voting) upon voting; 2,518,372,482 voting rights (among which 2,480,266,128 voting rights exercised by electronic voting) were exercised in favor of this proposal, and 13,433,290 voting rights (among which 7,161,442 voting rights exercised by electronic voting) were exercised against this proposal. There were 0 invalid voting rights, and 97,952,859 waived/unexercised voting rights (among which 82,834,889 voting rights exercised by electronic voting). The number of voting rights in favor of this proposal accounted for 95.76% of the total voting rights held by the attending shareholders, and therefore this proposal was approved as submitted.	The amendment to "Rules of Procedure for the Shareholders' Meeting" was completed according to the resolution result, and the corresponding operation was conducted according to the new procedures.

<table>
<tr><th>Material resolution made by the Shareholders' Meeting</th><th>Resolution result</th><th>Implementation status and review</th></tr>
<tr><td>Election of the Board of Directors for the 11th Term (Including 7 Directors and 4 Independent Directors)</td><td>
<table>
<tr><th>Director</th><th>Number of voting rights for successful election</th></tr>
<tr><td>Mercuries & Associates Holding, Ltd.
Representative: Wong, Chau-Shi</td><td>4,312,324,555</td></tr>
<tr><td>Mercuries & Associates Holding, Ltd.
Representative: Chen, Chin-Tsai</td><td>2,202,510,199</td></tr>
<tr><td>Mercuries & Associates Holding, Ltd.
Representative: Wong, Wei-Chyun</td><td>2,658,604,459</td></tr>
<tr><td>Mercuries & Associates Holding, Ltd.
Representative: Hsu, Chin-Hsin</td><td>2,203,849,668</td></tr>
<tr><td>Chen, Shiang-Li</td><td>2,678,961,704</td></tr>
<tr><td>Cheng, Chun-Nong</td><td>2,200,598,443</td></tr>
<tr><td>Wang, Chih-Hua</td><td>2,202,404,565</td></tr>
</table>
<table>
<tr><th>Independent director</th><th>Number of voting rights for successful election</th></tr>
<tr><td>Henry Yang</td><td>2,286,856,565</td></tr>
<tr><td>Kuo, Wei-Yu</td><td>2,286,579,669</td></tr>
<tr><td>Tu, Te-Cheng</td><td>2,293,905,836</td></tr>
<tr><td>Liou, Han-Tzong</td><td>2,297,135,209</td></tr>
</table>
</td><td>Change registration at the Ministry of Economic Affairs according to the resolution result.</td></tr>
</table>

(2) Special Shareholders' Meeting on November 3, 2023

Material resolution made by the Shareholders' Meeting	Resolution result	Implementation status and review
Approval of Discussion of the Proposal on the Issuance of New Common Shares through Private Placement	Voting results of this proposal: The number of voting rights held by the attending shareholders reached 2,554,570,769 (among which 2,545,117,926 voting rights exercised by electronic voting) upon voting; 2,320,288,204 voting rights (among which 2,313,123,982 voting rights exercised by electronic voting) were exercised in favor of this proposal, and 191,842,654 voting rights (among which 191,842,654 voting rights exercised by electronic voting) were exercised against this proposal. There were 0 invalid voting rights, and 42,439,911 waived/unexercised voting rights (among which 40,151,290 voting rights exercised by electronic voting). The number of voting rights in favor of this proposal accounted for 90.82% of the total voting rights held by the attending shareholders, and therefore this proposal was approved as submitted.	On March 13, 2024, the Board of Directors passed a resolution to increase investment channels. Also, a new proposal for private placement was submitted, and this proposal for private placement would no longer be handled.

2. Material resolutions of the Board of Directors

(1) 33rd meeting of the 10th Board of Directors on March 9, 2023

- Approval of the financial report of 2022
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the convening of the regular Shareholders' Meeting in 2023
  Implementation status: It was already handled according to the resolution, and material information was released.

(2) 34th meeting of the 10th Board of Directors on April 20, 2023

- Approval of proposal for dividend distribution in 2022
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of agenda of the Shareholders' Meetings in 2023
  Implementation status: It was already handled according to the resolution, and material information was released.

(3) 35th meeting of the 10th Board of Directors on May 12, 2023

- Approval of the financial report of the first quarter of 2023
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the proposal for new appointment of Chief Financial Officer and Spokesperson
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the proposal for the new appointment of Chief Information Officer
  Implementation status: It was already handled according to the resolution, and material information was released.

(4) 36th meeting of the 10th Board of Directors on June 1, 2023

- Approval of donation to a related party
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the proposal for new appointment of Chief Financial Director
  Implementation status: It was already handled according to the resolution, and material information was released.

(5) 1st interim meeting of the 11th Board of Directors on June 15, 2023

- Approval of election and appointment of Chairman
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of election of the 2nd Corporate Governance and Nomination Committee and appointment of convener
  Implementation status: It was already handled according to the resolution, and material information was released.

(6) 1st meeting of the 11th Board of Directors on June 29, 2023

- Approval of the proposal for appointment of members of the 5th Remuneration Committee
  Implementation status: It was already handled according to the resolution, and material information was released.

(7) 3rd meeting of the 11th Board of Directors on August 11, 2023

- Approval of issuance of ordinary shares by capital increase by cash
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the financial report of the second quarter of 2023
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of donation to a related party
  Implementation status: It was already handled according to the resolution, and material information was released.

(8) 4th meeting of the 11th Board of Directors on September 14, 2023

- Approval of the convening of the 1st Special Shareholders' Meeting in 2023
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the proposal for not continually handling the issuance of ordinary shares by private placement passed in the first interim Shareholders' Meeting in 2022
  Implementation status: It was already handled according to the resolution, and material information was released.
- Approval of the proposal for issuance of common shares by private placement
  Implementation status: It was already handled according to the resolution, and material information was released.

(9) 2nd interim meeting of the 11th Board of Directors on October 26, 2023

■ Approval of the proposal for new appointment of Chief Investment Officer

Implementation status: It was already handled according to the resolution, and material information was released.

(10) 6th meeting of the 11th Board of Directors on November 9, 2023

■ Approval of the financial report of the third quarter of 2023

Implementation status: It was already handled according to the resolution, and material information was released.

(11) 7th meeting of the 11th Board of Directors on December 21, 2023

■ Approval of the acquisition of right-of-use assets from stakeholders

Implementation status: It was already handled according to the resolution, and material information was released.

(XII) Major contents of records or written statements regarding different opinions of directors or supervisors on the material resolutions passed by the Board of Directors in the most recent fiscal year and as of the publication date of the annual report: None

(XIII) Summary of resignation and removal of chairman, president, accounting officer, financial officer, internal audit officer, corporate governance officer and R&D officer in the most recent fiscal year and as of the publication date of the annual report:

Summary of Resignation or Removal of Related Persons of the Company

February 29, 2024

Title	Name	Date of appointment	Date of removal	Reason for resignation or removal
Assistant Vice President (Financial Supervisor)	Chou, Hsiao-Ting	October 6, 2011	June 1, 2023	Resignation for retirement (Note 1)
Chief Financial Officer	Tseng, Yu-Fang	May 18, 2021	May 22, 2023	Job adjustment (Note 2)
Chief Investment Officer	Liao, Jui-Hsiung	August 1, 2022	November 1, 2023	Job adjustment (Note3)

Note 1: Assistant Vice President Chou, Hsiao-Ting, the former financial supervisor, applied for retirement. Lin, Pi-Hua served as the new financial supervisor, which took effect since June 1, 2023.

Note 2: Vice President Tseng, Yu-Fang, the former Chief Financial Officer, has his job adjusted. Lin, Pi-Hua served as the new Chief Financial Director, which took effect since May 22, 2023.

Note 3: Vice President Liao, Jui-Hsiung, the former Chief Financial Officer, has his job adjusted. Tsao, Kuang-Chih served as the new Chief Investment Director, which took effect since November 1, 2023.

V. Information on CPA Professional Fees

(I) Information on CPA professional fees:

Unit: NT$ 1,000

Name of accounting firm	Names of CPAs	CPA audit period	Audit fee	Non-audit fee	Total	Remark
KPMG	Chen, Chun-Kuang	2023	6,059	3,955	10,014	
	Hsieh, Chiu-Hua					

The non-audit fee includes tax certification fee of NT$ 770,000, internal project review fee of NT$ 2,160,000, and other fees of NT$ 1,025,000.

1. The Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
2. The audit fees paid for the current year are lower than those for the previous year by 10% or more: None.

(II) The audit fee referred to in the preceding item refers to the fee paid by the Company to CPAs for the auditing, review, and recheck of relevant financial reports as well as review of financial forecasts.

VI. Information on Replacement of CPAs:

The former CPAs were Chou, Pao-Lien and Hsieh, Chiu-Hua. Due to the internal job adjustment of the accounting firm, the CPAs were changed to Chen, Chun-Kuang and Hsieh, Chiu-Hua since the first quarter of 2023.

1. Former CPAs

Date of replacement	Proposed to the Board of Directors for discussion and approval on December 22, 2022, and CPAs changed since the first quarter of 2023		
Reason for replacement and description	To coordinate with the internal adjustment of the accounting firm where CPAs work		
Description of termination by appointing party or CPAs, or non-acceptance of appointment	Party concerned / Condition	CPA	Appointing party
	Proactive termination of appointment	N/A	N/A

	No acceptance (renewal) of appointment		N/A	N/A
Unqualified opinions of audit reports issued in the last two years and reasons thereof	None			
Opinions different from those of the Company or not	Yes		Accounting principles or practice	
			Disclosure of financial reports	
			Scope or steps of audit	
			Others	
	No	✓		
	Description	None		
Other disclosures (Those that should be disclosed according to Items 4-7, Subparagraph 1, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None			

2. Succeeding CPAs

Name of accounting firm	KPMG
Names of CPAs	Chen, Chun-Kuang and Hsieh, Chiu-Hua
Date of appointment	Proposed to the Board of Directors for discussion and approval on December 22, 2022, and CPAs changed since the first quarter of 2023
Consulting of accounting treatment methods or accounting principles for specific transactions as well as opinions possibly issued on the financial reports before appointment, as well as results	None
Written opinion of succeeding CPAs on the different opinions of former CPAs	None

3. Reply letter from former CPAs to matters stipulated in Subparagraph 1 and Subparagraph 2-3, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies): None.

VII. The Company's Chairman, President, and Managerial Officers in Charge of Finance or Accounting Holding a Position in the CPAs' Accounting Firm or Its Affiliated Enterprise(s) in the Most Recent Fiscal Year: None.

VIII. Equity Changes (Transfer/Pledge) of Directors, Supervisors, Managerial Officers, and Shareholders with Shareholding Ratio above 10% in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report: If a counterparty of equity transfer or pledge is a related party, this counterparty's name, relations with the Company, directors, supervisors, managerial officers, and shareholders with shareholding ratio above 10%, and number of shares acquired or pledged shall be disclosed.

(I) Equity changes of directors, managerial officers, and major shareholders

1. Ordinary shares

Unit: Share

Title	Name	2023		As of April 16, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Mercuries & Associates Holding, Ltd.	141,687,564	0	0	0
Representative of corporate director	Wong, Chau-Shi	0	0	0	0
Director	Mercuries & Associates Holding, Ltd.	141,687,564	0	0	0
Representative of corporate director	Chen, Chin-Tsai	0	0	0	0
Representative of corporate director	Hsu, Chin-Hsin	29,271	0	0	0
Representative of corporate director	Wong, Wei-Chyun	0	0	0	0
Director	Chen, Shiang-Li (Note 28)	0	0	0	0
Director	Wang, Chih-Hua	104,656	0	52,000	0
Director	Cheng, Chun-Nong	0	0	0	0
Independent director	Henry Yang	0	0	0	0
Independent director	Justin Tsai (Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Independent director	Kuo, Wei-Yu	0	0	0	0
Independent director	Liou, Han-Tzong (Note 2)	0	0	0	0
Independent director	Tu, Te-Cheng (Note 3)	0	0	0	0
Major shareholders with	Mercuries & Associates Holding,	141,687,564	0	0	0

Title	Name	2023		As of April 16, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
shareholding ratio above 10%	Ltd.				
President	Chen, Hung-Sheng	484,000	0	0	0
Executive Vice President	Money Chang	1,570,195	0	0	0
Executive Vice President	Huang, Wen-Chung	1,787,001	0	(130,000)	0
Senior Vice President	Lin, Ching-Hsiang	(26,000)	0	0	0
Senior Vice President	Yuan, Hsin-Le (Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Senior Vice President	Tseng, Yu-Fang (Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
Senior Vice President (Financial Supervisor)	Lin, Pi-Hua (Note 6)	24,000	0	0	0
Senior Vice President	Hsieh, Ming-Chin (Note 7)	249,099	0	0	0
Senior Vice President	Tsao, Kuang-Chih (Note 8)	0	0	0	0
Senior Vice President	Liu, Shu-Ying	0	0	0	0
Vice President	Kuo, Shu-Yi	(206,904)	0	0	0
Vice President	Tso, Nan-Hsing	296,000	0	0	0
Vice President	Yang, Yi-Cheng	42,750	0	0	0
Vice President	Huang, Au-Hua	0	0	0	0
Vice President	Liao, Kuo-Hsien	0	0	0	0
Vice President	Tsai, Kuo-Liang	36,000	0	0	0
Vice President	Hsu, Chien-Wen	(100,110)	0	0	0
Vice President	Tien, Yu-Ping	0	0	0	0
Vice President	Chang, Ching-Shih	0	0	0	0
Vice President	Chen, Yen-Chang	36,000	0	0	0
Vice President	Huang, Chiu-Yuan	103,759	0	0	0
Vice President	Kao, Chih-Chiang	181,303	0	0	0
Vice President	Liu, Rui-Yu	(36,836)	0	0	0
Vice President	Li, Chien-Hsun	0	0	0	0
Vice President	Lin, Ta-Chun (Note 9)	(Note 9)	(Note 9))	(Note 9)	(Note 9)
Vice President	Cheng, Chih-Kai	157,900	0	0	0
Vice President	Hsieh, Shu-Fang	0	0	0	0
Vice President	Chen, Li-Chun	18,000	0	0	0
Vice President	Li, Yi-Chen (Note 10)	(Note 10)	(Note 10)	(Note 10)	(Note 10)
Vice President	Chen, Chih-Hsiang (Note 11)	(Note 11)	(Note 11)	(Note 11)	(Note 11)
Vice President	Kuo, Yi-Yang	0	0	0	0
Vice President	Chao, Hsin-Hui	0	0	0	0
Vice President	Liu, Hsien-Ru	33,575	0	(25,000)	0

Title	Name	2023		As of April 16, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Vice President	Liao, Jui-Hsiung (Note 12)	0	0	(Note 12)	(Note 12)
Vice President	Su, Chun-Sheng	(41,967)	0	(9,033)	0
Vice President (Accounting Officer)	Woody S.M.Fang	16,394	0	31,298	0
Vice President	Lo, Ju-Chiang	83,605	0	0	0
Vice President	Wu, Chung-Ru	(2,000)	0	0	0
Vice President	Guo, Rong-Jian (Note 13)	30,000	0	0	0
Vice President	Guo, Yi-Long (Note 14)	15,000	0	0	0
Vice President	Chang, An-Chun (Note 15)	44,021	0	0	0
Vice President	Chen, Chin-Wang (Note 16)	0	0	0	0
Vice President	Kuo, Chun-Jen (Note 29)	(Note 29)	(Note 29)	0	0
Assistant Vice President	Chang, Che-Wei	215,044	0	0	0
Assistant Vice President	Yang, Chieh-Lung	15,000	0	0	0
Assistant Vice President (Financial Supervisor)	Chou, Hsiao-Ting (Note 17)	(Note 17)	(Note 17)	(Note 17)	(Note 17)
Assistant Vice President	Chen, Li-Yung(Note 35)	105,000	0	(Note 35)	(Note 35)
Assistant Vice President	Tso, Hung-Hsuan	0	0	0	0
Assistant Vice President	Sung, Chien-Hui	31,955	0	0	0
Assistant Vice President	Tsao, Chih-Han	141,000	0	0	0
Assistant Vice President	Lin, Shu-Hui	126,597	0	0	0
Assistant Vice President	Zhu, Shi-Ling	0	0	0	0
Assistant Vice President	Zhang, Qi-Xi	0	0	0	0
Assistant Vice President	Wang, Shou-Fa	0	0	0	0
Assistant Vice President	Li, Sen-Chou	(2,052)	0	0	0
Assistant Vice President	Zhuang, Ya-Lun	100,144	0	0	0
Assistant Vice President	Chen, Li-Ying	26,000	0	0	0
Assistant Vice President	Yen, Chiu-I	13,000	0	0	0
Assistant Vice President	Hsu, Chia-Chun	58,931	0	0	0
Assistant Vice President	Hung, Shih-Han	(35,000)	0	0	0
Assistant Vice President	Kuan, Chun-Tang	16,287	0	0	0
Assistant Vice President	Peng, Chih-Chuan	40,494	0	0	0
Assistant Vice President	Wang, Shun-Chi	155,541	0	0	0
Assistant Vice President	Li, Kung-Chuan	0	0	0	0
Assistant Vice President	Chen, Yi-Jing	757	0	0	0
Assistant Vice President	Fang, Cai-Ling	33,000	0	0	0
Assistant Vice President	Jhang, Cuei-Ling(Note 36)	15,000	0	(Note 36)	(Note 36)

Title	Name	2023		As of April 16, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Assistant Vice President	You, Wei-Nan (Note 18)	0	0	(Note 18)	(Note 18)
Assistant Vice President	Li, Jhao-Yuan (Note 19)	30,000	0	0	0
Assistant Vice President	Yang, Jhih-Sian (Note 20)	160,903	0	(40,999)	0
Assistant Vice President	Li, Jing-Yang (Note 21)	107,826	0	(100,000)	0
Assistant Vice President	Dong, Li-Jhu (Note 22)	465,301	0	0	0
Assistant Vice President	Su, Yu-Jhen (Note 23)	15,000	0	(Note 23)	(Note 23)
Assistant Vice President	Tsai, Han-Ling (Note 24)	(Note 24)	(Note 24))	(Note 24)	(Note 24))
Assistant Vice President	Chang, Ching-Wen (Note 25)	0	0	0	0
Assistant Vice President	Lin, Kuei-Ying (Note 26)	0	0	0	0
Assistant Vice President	Hsieh, Chia-Ling (Note 30)	(Note 30)	(Note 30)	0	0
Assistant Vice President	Chen, Yung-Chun (Note 31)	(Note 31)	(Note 31)	0	0
Assistant Vice President	Chen, Yi-Chiu (Note 32)	(Note 32)	(Note 32)	0	0
Assistant Vice President	Chiu, Hou-Lin (Note 33)	(Note 33)	(Note 33)	0	0
Assistant Vice President	Chen, Hsiao-Chuan (Note 34)	(Note 34)	(Note 34)	0	0
Manager	Lin, Ching-I (Note 27)	23,000	0	0	0

Note 1: Removed from office on June 15, 2023.
Note 2: Taking office on June 15, 2023.
Note 3: Taking office on June 15, 2023.
Note 4: Removed from office on June 1, 2023.
Note 5: Removed from office on July 1, 2023.
Note 6: Taking office on May 22, 2023.
Note 7: Taking office on June 1, 2023.
Note 8: Taking office on November 1, 2023.
Note 9: Removed from office on January 7, 2023.
Note 10: Removed from office on September 8, 2023.
Note 11: Removed from office on July 15, 2023.
Note 12: Removed from office on January 1, 2024
Note 13: Promoted on January 1, 2024.
Note 14: Promoted on January 1, 2024.
Note 15: Promoted on January 1, 2024.
Note 16: Promoted on January 1, 2024.
Note 17: Removed from office on June 1, 2023.
Note 18: Removed from office on January 1, 2024
Note 19: Taking office on January 30, 2023.
Note 20: Taking office on February 1, 2023.
Note 21: Taking office on February 1, 2023.
Note 22: Taking office on February 1, 2023.
Note 23: Removed from office on February 27, 2023.
Note 24: Taking office on April 19, 2023.
Note 25: Taking office on August 1, 2023.
Note 26: Appointed on August 7, 2023.
Note 27: Taking office on May 12, 2023.
Note 28: Newly appointed as natural-person director upon direct reelection on June 15, 2023.
Note 29: Taking office on February 1, 2024
Note 30: Taking office on February 1, 2024
Note 31: Taking office on February 1, 2024
Note 32: Taking office on February 1, 2024
Note 33: Taking office on February 1, 2024
Note 34: Taking office on February 1, 2024
Note 35: Removed from office on March 1, 2024
Note 36: Removed from office on March 1, 2024

(II) Information on counterparties of equity transfer as related parties: None.

(III) Information on counterparties of equity pledge as related parties: None.

IX. Information on Top-10 Shareholders with a Related Party Relationship, or Spousal Relationship, or Kinship within the Second Degree

(I) Ordinary shares

April 16, 2024

Name	Shares held		Shares held by spouse and minor children		Total shares held in the name of others		Name or designation and relation of top-10 shareholders with a related party relationship, or spousal relationship, or kinship within the second degree		Remark
	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Name (or designation)	Relationship	
Mercuries & Associates Holding, Ltd.	1,642,751,926	32.21	0	0.00	0	0.00	(1) Mercury Fu Bao Co., Ltd. (2) Mercuries & Associates, Ltd. (3) Shangling Investment Co., Ltd. (4) Shunren Investment Co., Ltd.	(1)(2) are the subsidiaries of Mercuries & Associates Holding, Ltd. (3)(4) are the directors of Mercuries & Associates Holding, Ltd.	
Representative: Chen, Shiang-Li	0	0.00	2,730,711	0.05	0	0.00	(1) Chen, Shiang-Li (2) Hsu, Chang-Hui(3) Chen, Shiang-Feng	(1)(3) are relatives of (2) within the first degree.(1)(3) are relatives within the second degree.	
Prosper Asia Investment Limited	254,465,000	4.99	0	0.00	0	0.00	None	None	
Representative: Wang, Kun-Wei	0	0.00	0	0.00	0	0.00	None	None	
Shangling Investment Co., Ltd	189,540,864	3.72	0	0.00	0	0.00	Mercuries & Associates Holding, Ltd	Director of Mercuries & Associates Holding, Ltd.	
Representative: Hsu, Chang-Hui	1,235,000	0.02	0	0.00	0	0.00	(1) Chen, Shiang-Li (2) Hsu, Chang-Hui(3) Chen, Shiang-Feng	(1)(3) are relatives of (2) within the first degree. (1)(3) are relatives within the second degree.	
Shuren Investment Co., Ltd.	188,500,099	3.70	0	0.00	0	0.00	Mercuries & Associates Holding, Ltd	Director of Mercuries & Associates Holding, Ltd.	
Representative: Wong, Wei-Chyun	0	0.00	0	0.00	0	0.00	None	None	
Mercuries Fu Bao Co., Ltd.	138,753,502	2.72	0	0.00	0	0.00	Mercuries & Associates Holding, Ltd.	Parent company of Mercuries Fu Bao Co., Ltd.	

Name	Shares held		Shares held by spouse and minor children		Total shares held in the name of others		Name or designation and relation of top-10 shareholders with a related party relationship, or spousal relationship, or kinship within the second degree		Remark
	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Name (or designation)	Relationship	
Representative: Wang, Hsien-Chang	766,865	0.02	0	0.00	0	0.00	None	None	
Mercuries & Associates, Ltd.	86,361,379	1.69	0	0.00	0	0.00	Mercuries & Associates Holding, Ltd.	Parent company of Mercuries & Associates, Ltd	
Representative: Chen, Shiang-Feng	1,021,507	0.02	0	0.00	0	0.00	(1) Chen, Shiang-Li (2) Hsu, Chang-Hui (3) Chen, Shiang-Feng	(1)(3) are relatives of (2) within the first degree. (1)(3) are relatives within the second degree.	
Chase Bank Trust Advanced Starlight Composite International Stock Index	43,562,408	0.85	0	0.00	0	0.00	None	None	
Li, Chien-Hsiung	37,600,000	0.74	0	0.00	0	0.00	None	None	
JP Morgan Vanguard Emerging Markets Stock Index Fund Special Account	32,405,073	0.64	0	0.00	0	0.00	None	None	
First Bank Trust Depository Ya Fei Co., Ltd. Investment Special Account	31,066,930	0.61	0	0.00	0	0.00	None	None	

X. Shares Held by the Company, the Company's Directors, Supervisors, and Managerial Offices, and Enterprises Directly or Indirectly Controlled by the Company in a Same Invested Enterprise and Consolidated Calculation of Comprehensive Shareholding Ratios

December 31, 2023; unit: Share

Invested enterprise (Note)	Investment by the Company		Investment by directors, supervisors, and managerial officers and by companies directly or indirectly controlled by the Company		Total investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Horizon Securities Co., Ltd.	7,510,100	2.14%	0	0.00%	7,510,100	2.14%

CMG International One Co., Ltd.	157,500,000	45.00%	0	0.00%	157,500,000	45.00%
CMG International Two Co., Ltd	180,000,000	45.00%	0	0.00%	180,000,000	45.00%
NFC II Renewable Power Co., Ltd.	31,500,000	21.00%	0	0.00%	31,500,000	21.00%

Note: Long-term investments of the Company by equity method.

IV. Capital Overview

I. Capital and Shares

(I) Sources of share capital

Unit: 1,000 shares; NT$ 1,000

Month/year		Issue price	Authorized share capital		Paid-in share capital		Remark		
			Number of shares	Amount	Number of shares	Amount	Source of share capital	Use of property other than cash as share capital	Others
2017	Jul.	13.3	2,500,000	25,000,000	1,767,087	17,670,873	Capital increase of NT$ 1,000,000,000 by cash	None	Note 1
2017	Sep.	10	2,500,000	25,000,000	1,920,459	19,204,593	Capital increase of NT$ 1,533,720,000 by surplus	None	Note 2
2018	Aug.	10	2,500,000	25,000,000	2,221,971	22,219,714	Capital increase of NT$ 3,015,121,000 by surplus	None	Note 3
2018	Dec.	11.3	2,500,000	25,000,000	2,371,971	23,719,714	Capital increase of NT$ 1,500,000,000 by cash	None	Note 4
2020	Dec.	7.55	3,500,000	35,000,000	2,501,971	25,019,714	Capital increase of NT$ 1,300,000,000 by cash	None	Note 5
2021	Jul.	8.3	3,500,000	35,000,000	2,631,971	26,319,714	Capital increase of NT$ 1,300,000,000 by cash	None	Note 6
2021	Nov.	10	3,500,000	35,000,000	2,669,501	26,695,010	Capital increase of NT$ 375,296,000 by capital reserve	None	Note 7
2022	Apr.	8.2	3,500,000	35,000,000	3,099,501	30,995,010	Capital increase of NT$ 4,300,000,000 by cash	None	Note 8
2022	Nov.	5.2	7,500,000	75,000,000	4,099,501	40,995,010	Capital increase of NT$ 10,000,000,000 by cash	None	Note 9
2023	Mar.	5.05	7,500,000	75,000,000	4,599,501	45,995,010	Capital increase of NT$ 5,000,000,000 by cash	None	Note 10
2023	Dec.	5	7,500,000	75,000,000	5,099,501	50,995,010	Capital increase of NT$ 5,000,000,000 by cash	None	Note 11

Note 1: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1060021082 Letter issued by the FSC on June 12, 2017
Note 2: Declared and effectively recorded by the FSC on August 24, 2017
Note 3: Declared and effectively recorded by the FSC on July 10, 2018
Note 4: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1070340242 Letter issued by the FSC on November 15, 2018
Note 5: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1090358912 Letter issued by the FSC on September 30, 2020
Note 6: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1100346059 Letter issued by the FSC on June 15, 2021
Note 7: Declared and effectively recorded by the FSC on September 14, 2022
Note 8: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1100379307 Letter issued by the FSC on January 18, 2022
Note 9: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1110356212 Letter issued by the FSC on September 30, 2022
Note 10: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1110368263 Letter issued by the FSC on February 9, 2023
Note 11: Approved according to Chin-Kuan-Cheng-Fa-Tzu No. 1120356614 Letter issued by the FSC on October 20, 2023

April 16, 2024

Type of share	Authorized share capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary share	5,099,501,044	2,400,498,956	7,500,000,000	The outstanding ordinary shares of the Company are stocks listed for trading.

Information related to the shelf registration system: Not applicable.

(II) Shareholder structure

1.Ordinary share

April 16, 2024

Shareholder structure / Qty	Government agencies	Financial institutions	Other institutional shareholders	Individuals	Foreign institutions and natural persons	Total
Number of shareholders	4	7	144	87,796	145	88,096
Number of shares held	7,237,060	36,605,904	2,644,985,286	2,106,619,244	304,053,550	5,099,501,044
Shareholding ratio	0.14%	0.72%	51.87%	41.31%	5.96%	100.00%

(III) Shareholding distribution status

1. Ordinary share

April 16, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1-999	15,327	4,162,080	0.08%
1,000-5,000	37,649	99,388,851	1.95%
5,001-10,000	12,368	95,208,729	1.87%
10,001-15,000	5,413	66,888,663	1.31%
15,001-20,000	3,731	67,822,205	1.33%
20,001-30,000	3,702	92,917,747	1.82%
30,001-40,000	1,953	68,935,131	1.35%
40,001-50,000	1,460	67,468,778	1.32%
50,001-100,000	3,165	228,967,243	4.49%
100,001-200,000	1,738	243,794,151	4.78%
200,001-400,000	822	230,154,228	4.51%
400,001-600,000	266	130,811,150	2.57%
600,001-800,000	134	93,475,585	1.83%
800,000-1,000,000	68	61,546,450	1.21%
Above 1,000,001	300	3,547,960,053	69.57%
Total	88,096	5,099,501,044	100%

(IV) List of major shareholders

1. Ordinary share

April 16, 2024

Name of major shareholder / Share	Number of shares held	Shareholding ratio
Mercuries & Associates Holding, Ltd.	1,642,751,926	32.21%
Prosper Asia Investment Limited	254,465,000	4.99%

Share / Name of major shareholder	Number of shares held	Shareholding ratio
Shangling Investment Co., Ltd.	189,540,864	3.72%
Shunren Investment Co., Ltd.	188,500,099	3.70%
Mercury Fu Bao Co., Ltd.	138,753,502	2.72%
Mercuries & Associates, Ltd.	86,361,379	1.69%
Chase Bank Trust Advanced Starlight Composite International Stock Index	43,562,408	0.85%
Li, Chien-Hsiung	37,600,000	0.74%
JP Morgan Vanguard Emerging Markets Stock Index Fund Special Account	32,405,073	0.64%
First Bank Trust Depository Ya Fei Co., Ltd. Investment Special Account	31,066,930	0.61%

Major shareholders of Top-10 shareholders who are corporate shareholders

April 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholder
Mercuries & Associates Holding, Ltd.	Shangling Investment Co., Ltd. (18.07%), Shunren Investment Co., Ltd. (12.85%), Mega Prosper Investment Limited (9.98%), Shanghong Investment Co., Ltd. (5.63%), Shufeng Investment Co., Ltd. (5.06%), Mercury Fu Bao Co., Ltd. (4.18%), Chen, Shiang-Li (2.26%), Employee Pension Fund Management Committee of Mercuries & Associates, Ltd. (1.86%), Wong, Chau-Shi (1.77%), and Chen, Shiang-Chung (1.60%)
Prosper Asia Investment Limited (Note 1)	Wang, Kun-Wei (100%)
Shangling Investment Co., Ltd. (Note 2)	Chen, Shiang-Li (31.41%), Chen, Shiang-Jeh (17.67%), Chen, Shiang-Feng (17.67%), Hsu, Chang-Hui (6.37%), Chen, Shiang-Chung (13.54%), Shanghong Investment Co., Ltd. (8.21%), Wang, Te-Pin (5.13%)
Shunren Investment Co., Ltd. (Note 2)	Wong, Wei-Chyun (27.89%), Wong, Tsui-Chun (24.70%), Wong, I-Hsuan (17.55%), Shufeng Investment Co., Ltd. (15.39%), Wong, Chau-Shi (14.39%), Yang, Chun-Hui (0.06%), Yang, Hsueh-Hui (0.02%)
Mercury Fu Bao Co., Ltd.	Mercuries & Associates Holding, Ltd. (100%)
Mercuries & Associates, Ltd.	Mercuries & Associates Holding, Ltd. (100%)

(V) Market price per share, net worth, earnings, dividends, and related information over the last two years

Unit: NT$/1,000 shares

Item \ Year			2022	2023	As of February 28, 2024 in current year (Note 8)
Market price per share (Note 1)	Highest		10.20	5.72	5.10
	Lowest		5.21	4.86	4.78
	Average		6.99	5.23	4.96
Net worth per share (Note 2)	Before distribution		7.04	7.83	(Note 8)
	After distribution		7.04	(Note 9)	(Note 8)
Earnings per share (Note 3)	Weighted average number of shares		3,146,159	4,520,049	(Note 8)
	Earnings per share		(4.34)	(2.11)	(Note 8)
Dividends per share	Cash dividends		-	(Note 9)	(Note 9)
	Stock dividends	From retained earnings	-	(Note 9)	(Note 9)
		From capital reserve	-	(Note 9)	(Note 9)
	Cumulative unpaid dividends (Note 4)		-	-	-
Analysis of return on investment	Price/earnings ratio (Note 5)		(Note 10)	(Note 10)	(Note 8)
	Price/dividend ratio (Note 6)		-	(Note 9)	(Note 9)
	Cash dividend yield rate (Note 7)		-	(Note 9)	(Note 9)

Note 1: List the highest and lowest market prices of ordinary shares in each year and calculate the average market price based on the trading value and volume of each year.

Note 2: Please fill out the figures according to the number of outstanding shares at the end of the year and the resolution made by the Shareholders' Meeting regarding distribution in the following year.

Note 3: Please present the earnings per share before and after retroactive adjustment needed due to stock dividend payout or other relevant conditions.

Note 4: The cumulative unpaid special stock dividends were NT$ 0, NT$ 0, and NT$ 0 on February 29, 2024 and in 2023 and 2022 respectively.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividends per share/Average closing price per share for the current year.

Note 8: The information audited (reviewed) by CPAs in the most recent quarter as of the publication date of the annual report shall be filled out regarding the net worth per share and earnings per share; the information for the current year as of the publication date of the annual report shall be filled out in the remaining columns.

Note 9: To be determined according to the corresponding resolution made by the regular Shareholders' Meeting in 2024.

Note 10: It was net loss in 2023, and therefore not disclosed.

(VI) Dividend policy of the Company and implementation status

1. Dividend policy

Article 23 of the Articles of Incorporation

"If the Company makes a surplus in the annual general final accounts, it shall be used to pay taxes and make up losses first, and then draw statutory surplus reserve according to laws and regulations, and draw or reverse special surplus reserve

according to the resolution of the Shareholders' Meeting or the order of the competent authority. Then, the remaining amount shall be used to distribute special stock dividends according to the priority of distribution determined in the Articles of Incorporation concerning issuance of special stock each time. If there is still a remaining amount (surplus available for distribution in current year), it will be combined with the beginning undistributed surplus to become the surplus available for distribution. The Board of Directors will draft a proposal and submit it to the Shareholders' Meeting for a resolution.

In accordance with the operation planning, the Company has established its dividend policy not only based on a sound capital structure, and maintenance of good capital adequacy ratio and cumulative capital but also in equal consideration of shareholders' interests. The dividends are distributed by stock and cash in principle. The dividends distributed to shareholders shall not be lower than 20% of the surplus available for distribution in current year, and the cash dividends shall not be less than 10% of the total dividends; however, the cash dividends will not be distributed and stock dividends will be distributed instead if the price per share of the cash dividends is lower than NT$ 0.1.

The ratios of stock dividends and cash dividends referred to in the preceding paragraph may be adjusted appropriately according to relevant laws, regulations, and rules. The Board of Director will draft a proposal and submit it to the Shareholders' Meeting for a resolution."

2. Status of distribution of dividends:
   No proposal for distribution of dividends was submitted to the regular Shareholders' Meeting in 2024.
3. Description of expected major change of the dividend policy: None.

(VII) Impact on the operating performance and earnings per share of the Company resulting from stock dividend distribution proposed at the Shareholders' Meeting

The Company was not required to prepare and announce the financial forecasts for 2023 according to law. In accordance with the provisions of Tai-Tsai-Cheng-(1)-Tzu No. 00371 Letter issued on February 1, 2000.

(VIII) Employee reward and director/supervisor reward:

1. Percentages or scope of employe reward, and director/supervisor reward specified in the Articles of Incorporation:
   If the Company makes a profit in current year (i.e., interests obtained by deducting the distributed employee reward and director reward from the interests before tax. The amount audited by CPAs shall be adopted as basis for calculation), it shall set aside at least 0.1‰ of the profit as employee reward, and no more than 1% of the profit as director reward (not including independent directors) respectively. However, if the Company still owes accumulated losses, it shall retain the amount

for loss in advance.

2. Accounting treatment in case of a discrepancy of the estimation basis of the amount of employee reward and director/supervisor reward estimated in current period, the basis for calculation of number of shares distributed for employe reward, and the amount distributed with the estimated amount:

   The amount drawn by the Company as employee reward and director reward was NT$ 0 and NT$ 0 in 2022 and 2023 respectively. The basis for estimation is adopted as an amount obtained by multiplying the amount of the net profit before tax of the Company in each period after deduction of employee reward and director reward with the distribution percentages of employee reward and director reward specified in the Articles of Incorporation, and it is presented as the operating expenses in 2022 and 2023 respectively.

3. Distribution of rewards approved by the Board of Directors:

   (1) If the amount of employee reward and director/supervisor reward distributed by cash or stock is deviated from the amount estimated in the year of recognition of expenses, the amount deviated, reason thereof as well as handling status shall be disclosed: Since there was no net profit before tax in 2023, it was not submitted to the Board of Directors for relevant resolution.

   (2) Amount of employee reward distributed by stock, and its ratio in the total of the net profit after tax indicated in separate or individual financial report for the current period and the total amount of the employee reward: Not applicable since no stock dividends were distributed to employees in the current period.

4. If the actual distribution (including shares distributed, amount, and stock price) of employee reward and director/supervisor reward in the previous year is deviated from the employee reward and director/supervisor reward recognized, the amount and reason thereof as well as handling status shall be described:

   The Company submitted a reported item to the regular Shareholders' Meeting in 2022 for the paying of employee reward and director reward in 2023. The actual distribution status is as follows, which is not deviated from the recognized amount.

Unit: NT$

Item	Amount distributed
Employee reward	0
Director reward (not including independent directors)	0

(IX) The Company's repurchase of its shares: None.

II. Corporate Bonds

Type of corporate bond		1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2014
Date of issuance (handling)		Issued on December 29, 2014
Face value		NT$ 1 million
Place of issuance and trading		The Republic of China
Issue price		Issued at 100% of face value
Total amount		NT$ 5 billion only
Interest rate		The nominal interest rate of this corporate bond is a fixed interest rate of 3.9%. If the Company fails to redeem this bond ten years later since the date of issuance, the nominal interest rate will become 4.9%.
Term		Undated
Guarantor		None
Trustee		Taishin International Bank Co., Ltd.
Underwriter		N/A
Certified lawyer		N/A
CPA		KPMG
Repayment method		This corporate bond is undated. If the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Unpaid principal		NT$ 5 billion only
Clause of redemption or premature repayment		After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Qualifying clause		None
Name of credit rating agency, date of rating, and corporate bond rating result		None
Attached other rights	Amount of converted (swap or share subscription) ordinary shares, GDRs or other valuable securities as	None

	of the publication date of the annual report	
	Measures for issuance and conversion (swap or share subscription)	The measures for issuance of corporate bond attached below
Issuance and conversion, measures for swap or share subscription, possible dilution of equity due to issuance conditions, and influence of issuance conditions on the existing shareholders' equity		None
Name of agency entrusted for custody of swap object		None

Mercuries Life Insurance Co., Ltd.
Measures for Issuance of the 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2014

In accordance with Chin-Kuan-Pao-Shou-Tzu No. 10302131650 Letter and Chin-Kuan-Cheng-Fa-Tzu No. 1030048645 Letter issued by the FSC, the application of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "the Company") submitted for issuance of corporate bond has been approved and the corporate bond is hereby issued. In consideration of the foregoing, the Company hereby formulates the measures for issuance as follows:

1. Name of bond: 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2014 of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "this corporate bond").
2. Total amount issued: The total amount of this corporate bond issued is NT$ 5 billion only.
3. Face value: The face value of this corporate bond is NT$ 1 million only.
4. Issuance period: This corporate bond is undated and issued since December 29, 2014.
5. Issue price: This corporate bond is issued fully per face value on the date of issuance.
6. The nominal interest rate of this corporate bond is a fixed interest rate of 3.9%. If the Company fails to redeem this bond ten years later since the date of issuance, the nominal interest rate will become 4.9%.
7. Interest calculation and payment methods:
   (1). Interest is calculated once every year per nominal interest rate since the date of issuance of this corporate bond. Interest is paid once every year.
   (2). The interest of this corporate bond is calculated and paid per face value. The calculation unit is NT$ 1 and amount below NT$ 1 shall be rounded.
   (3). When the date of principal repayment (redemption) and interest payment of this corporate bond happens to be a rest day of the bank in the place of payment, principal and interest shall be paid the next business day, and interest will not be paid separately.
   (4). If the principal and interest are received beyond the data of principal repayment and interest payment, overdue interest will not be calculated and paid either.
8. Accelerated redemption: After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem the in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
9. Deferred interest payment: This corporate bond is not subject to the provisions of Article 2 of "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The Company will still pay interest per the conditions mentioned when RBC is lower than the statutory requirement.
10. Priority of creditor's rights: This corporate bond is subordinated corporate bond. The priority of payment of creditors is only superior to the remaining property distribution right of the shareholders of the Company. It is second to the priority of payment of all other creditors of the Company, but is same as that of subordinated corporate bonds already issued by the Company with capital nature. The aforesaid shareholders include those holding special shares.
11. Guarantee method: This corporate bond is unsecured ordinary corporate bond.
12. Form of bond: This corporate bond is issued in a non-entity form, and Taiwan Depository & Clearing Corporation is engaged for registration.
13. Trustee: Taishin International Bank Co., Ltd. is assigned as the trustee of the creditors of this corporate bond to exercise the duties of verifying and supervising the performance of issuance of corporate bond by the Company for and on behalf of the creditors' interests. Creditors holding this corporate bond, either subscribing the bond upon issuance or buying it in the midway, shall hereby agree on and acknowledge the trustee's rights and obligations stipulated in the trust

contract between the Company and the trustee as well as measures for issuance of this corporate bond, and authorizes the trustee full-authority agency concerning trusted matters. This authorization shall not be revoked in the midway.

14. Principal repayment and interest payment agency: Taishin International Bank Co., Ltd. is entrusted with the agency of principal repayment and interest payment of this corporate bond, and the handling of principal and interest transfer work in accordance with the register of bond holders provided by Taiwan Depository & Clearing Corporation. This agency is responsible for making deduction vouchers and sending them to the bond holders.
15. Underwriter: None.
16. Notification method: Matters that shall be notified to the creditors regarding this corporate bond shall be handled in accordance with the provisions of the Regulations Governing Centralized Securities Depository Enterprises.
17. Sales targets: Only limited to the professional investigators stipulated in the Rules for the Administration of Foreign Currency Denominated International Bonds of the Taipei Exchange.
18. Matters not mentioned herein shall be handled according to the provisions of relevant laws and regulations of the competent authority.

Issuer: Mercuries Life Insurance Co., Ltd.
Representative: Liu, Chung-Hsing
December 17, 2014

Corporate Bond

Type of corporate bond	1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2016
Date of issuance (handling)	Issued on November 24, 2016
Face value	NT$ 1 million
Place of issuance and trading	The Republic of China
Issue price	Issued at 100% of face value
Total amount	NT$ 2.5 billion only
Interest rate	The nominal interest rate of this corporate bond is a fixed interest rate of 3.7%. If the Company fails to redeem this bond ten years later since the date of issuance, the nominal interest rate will be added by 1%.
Term	Undated
Guarantor	None
Trustee	Taishin International Bank Co., Ltd.
Underwriter	Yuanta Securities Co., Ltd.
Certified lawyer	N/A
CPA	KPMG
Repayment method	This corporate bond is undated. If the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Unpaid principal	NT$ 2.5 billion only
Clause of redemption or premature repayment	After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Qualifying clause	None
Name of credit rating agency, date of rating, and corporate bond rating result	None

Attached other rights	Amount of converted (swap or share subscription) ordinary shares, GDRs or other valuable securities as of the publication date of the annual report	None
	Measures for issuance and conversion (swap or share subscription)	The measures for issuance of corporate bond attached below
Issuance and conversion, measures for swap or share subscription, possible dilution of equity due to issuance conditions, and influence of issuance conditions on the existing shareholders' equity		None
Name of agency entrusted for custody of swap object		None

Mercuries Life Insurance Co., Ltd.
Measures for Issuance of the 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2016

In accordance with Chin-Kuan-Pao-Shou-Tzu No. 10502121190 Letter issued by the FSC and Cheng-Kui-Chai-Tzu No. 10500315231 Letter issued by the Taipei Exchange, the application of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "the Company") submitted for issuance of corporate bond has been approved and the corporate bond is hereby issued. In consideration of the foregoing, the Company hereby formulates the measures for issuance as follows:

1. Name of bond: 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2016 of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "this corporate bond").
2. Total amount issued: The total amount of this corporate bond issued is NT$ 2.5 billion only.
3. Face value: The face value of this corporate bond is NT$ 1 million only.
4. Issuance period: This corporate bond is undated and issued since November 24, 2016.
5. Issue price: This corporate bond is issued fully per face value on the date of issuance.
6. The nominal interest rate of this corporate bond is a fixed interest rate of 3.7%. If the Company fails to redeem this bond ten years later since the date of issuance, the nominal interest rate will be added by 1%.
7. Interest calculation and payment methods:
   (1). Interest is calculated once every year per nominal interest rate since the date of issuance of this corporate bond. Interest is paid once every year.
   (2). The interest of this corporate bond is calculated and paid per face value. The calculation unit is NT$ 1 and amount below NT$ 1 shall be rounded.
   (3). When the date of principal repayment (redemption) and interest payment of this corporate bond happens to be a rest day of the bank in the place of payment, principal and interest shall be paid the next business day, and interest will not be paid separately.
   (4). If the principal and interest are received beyond the data of principal repayment and interest payment, overdue interest will not be calculated and paid either.
8. Accelerated redemption: After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem the in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
9. Deferred interest payment: This corporate bond is not subject to the provisions of Article 2 of "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The Company will still pay interest per the conditions mentioned when RBC is lower than the statutory requirement.
10. Priority of creditor's rights: This corporate bond is subordinated corporate bond. The priority of payment of creditors is only superior to the remaining property distribution right of the shareholders of the Company. It is second to the priority of payment of all other creditors of the Company, but is same as that of subordinated corporate bonds already issued by the Company with capital nature. The aforesaid shareholders include those holding special shares.
11. Guarantee method: This corporate bond is unsecured ordinary corporate bond.
12. Form of bond: This corporate bond is issued in a non-entity form, and Taiwan Depository & Clearing Corporation is engaged for registration.
13. Trustee: Taishin International Bank Co., Ltd. is assigned as the trustee of the creditors of this corporate bond to exercise the duties of verifying and supervising the performance of issuance

of corporate bond by the Company for and on behalf of the creditors' interests. Creditors holding this corporate bond, either subscribing the bond upon issuance or buying it in the midway, shall hereby agree on and acknowledge the trustee's rights and obligations stipulated in the trust contract between the Company and the trustee as well as measures for issuance of this corporate bond, and authorizes the trustee full-authority agency concerning trusted matters. This authorization shall not be revoked in the midway.

14. Principal repayment and interest payment agency: Taishin International Bank Co., Ltd. is entrusted with the agency of principal repayment and interest payment of this corporate bond, and the handling of principal and interest transfer work in accordance with the register of bond holders provided by Taiwan Depository & Clearing Corporation. This agency is responsible for making deduction vouchers and sending them to the bond holders.
15. Underwriter: Underwriters have been entrusted for public underwriting, and Yuanta Securities Co., Ltd. has been entrusted as the lead underwriter.
16. Notification method: Matters that shall be notified to the creditors regarding this corporate bond shall be handled in accordance with the provisions of the Regulations Governing Centralized Securities Depository Enterprises.
17. Sales targets: Only limited to the professional investigators stipulated in the Rules for the Administration of Foreign Currency Denominated International Bonds of the Taipei Exchange.
18. Matters not mentioned herein shall be handled according to the provisions of relevant laws and regulations of the competent authority.

Issuer: Mercuries Life Insurance Co., Ltd.
Representative: Chen, Shiang-Jeh
November 15, 2016

Corporate Bond

Type of corporate bond		1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2021
Date of issuance (handling)		Issued on September 10, 2021
Face value		NT$ 1 million
Place of issuance and trading		The Republic of China
Issue price		Issued at 100% of face value
Total amount		NT$ 1 billion only
Interest rate		The nominal interest rate of this corporate bond is a fixed interest rate of 3.30%.
Term		Undated
Guarantor		None
Trustee		Taishin International Bank Co., Ltd.
Underwriter		KGI Securities Co., Ltd.
Certified lawyer		N/A
CPA		KPMG
Repayment method		This corporate bond is undated. If the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Unpaid principal		NT$ 1 billion only
Clause of redemption or premature repayment		After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
Qualifying clause		None
Name of credit rating agency, date of rating, and corporate bond rating result		None
Attached other rights	Amount of converted (swap or share subscription) ordinary shares, GDRs or other valuable securities as of the publication	None

	date of the annual report	
	Measures for issuance and conversion (swap or share subscription)	The measures for issuance of corporate bond attached below
Issuance and conversion, measures for swap or share subscription, possible dilution of equity due to issuance conditions, and influence of issuance conditions on the existing shareholders' equity		None
Name of agency entrusted for custody of swap object		None

Mercuries Life Insurance Co., Ltd.
Measures for Issuance of the 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2021

In accordance with Chin-Kuan-Pao-Shou-Tzu No. 1100424942 Letter issued by the FSC and Cheng-Kui-Chai-Tzu No. 11000097201 Letter issued by the Taipei Exchange, the application of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "the Company") submitted for issuance of corporate bond has been approved and the corporate bond is hereby issued. In consideration of the foregoing, the Company hereby formulates the measures for issuance as follows:

1. Name of bond: 1st Period Undated Cumulative Subordinated Corporate Bond for the Year 2021 of Mercuries Life Insurance Co., Ltd. (hereinafter referred to as "this corporate bond").
2. Total amount issued: The total amount of this corporate bond issued is NT$ 1 billion only.
3. Face value: The face value of this corporate bond is NT$ 1 million only.
4. Issuance period: This corporate bond is undated and issued since September 10, 2021.
5. Issue price: This corporate bond is issued fully per face value on the date of issuance.
6. Nominal interest rate: The nominal interest rate of this corporate bond is a fixed interest rate 3.30%.
7. Interest calculation and payment methods:
   (1). Single interest is calculated once every year per nominal interest rate since the date of issuance of this corporate bond. Interest is paid once every year.
   (2). The interest of this corporate bond is calculated and paid per face value. The calculation unit is NT$ 1 and amount below NT$ 1 shall be rounded.
   (3). When the date of principal repayment (redemption) and interest payment of this corporate bond happens to be a rest day of the bank in the place of payment, principal and interest shall be paid the next business day, and interest will not be paid separately.
   (4). If the principal and interest are received beyond the data of principal repayment and interest payment, overdue interest will not be calculated and paid either.
8. Accelerated redemption: After this corporate bond is issued for ten years, if the RBC of the Company is greater than the statutory minimum insurance RBC after calculation of redemption, and relevant approval is obtained from the competent authority, the Company may redeem the in full amount in advance according to the face value of this corporate bond plus interest payable. Redemption is allowed once every quarter.
9. Deferred interest payment: This corporate bond is not subject to the provisions of Article 2 of "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The Company will still pay interest per the conditions mentioned when RBC is lower than the statutory requirement.
10. Priority of creditor's rights: This corporate bond is subordinated corporate bond. The priority of payment of creditors is only superior to the remaining property distribution right of the shareholders of the Company. It is second to the priority of payment of all other creditors of the Company, but is same as that of subordinated corporate bonds already issued by the Company with capital nature. The aforesaid shareholders include those holding special shares.
11. Guarantee method: This corporate bond is unsecured ordinary corporate bond.
12. Form of bond: This corporate bond is issued in a non-entity form, and Taiwan Depository & Clearing Corporation is engaged for registration.
13. Trustee: Taishin International Bank Co., Ltd. is assigned as the trustee of the creditors of this corporate bond to exercise the duties of verifying and supervising the performance of issuance of corporate bond by the Company for and on behalf of the creditors' interests. Creditors holding this corporate bond, either subscribing the bond

upon issuance or buying it in the midway, shall hereby agree on and acknowledge the trustee's rights and obligations stipulated in the trust contract between the Company and the trustee as well as measures for issuance of this corporate bond, and authorizes the trustee full-authority agency concerning trusted matters. This authorization shall not be revoked in the midway. The creditors may request access to relevant information at the business division of the Company or the trustee within business hours stipulated in laws and regulations.

14. Principal repayment and interest payment agency: Taishin International Bank Co., Ltd. is entrusted with the agency of principal repayment and interest payment of this corporate bond, and the handling of principal and interest transfer work in accordance with the register of bond holders provided by Taiwan Depository & Clearing Corporation. This agency is responsible for making deduction vouchers and sending them to the bond holders.
15. Underwriter: KGI Securities Co., Ltd. is the lead underwriter.
16. Notification method: Matters that shall be notified to the creditors regarding this corporate bond shall be announced in MOPS (website: http://mops.twse.com.tw) unless otherwise stipulated in laws and regulations.
17. Sales targets: Only limited to the professional investigators stipulated in the Rules for the Administration of Foreign Currency Denominated International Bonds of the Taipei Exchange.
18. Matters not mentioned herein shall be handled according to the provisions of relevant laws and regulations of the competent authority.

Issuer: Mercuries Life Insurance Co., Ltd.
Representative: Chen, Shiang-Jeh

September 3, 2021

III. Preferred Shares

None.

IV. Global Depository Receipts (GDRs)

None.

V. Employee Stock Option Certificates

None.

VI. New Restricted Employee Shares

None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies' Shares

None.

VIII. Finance Plans and Implementation

As for valuable securities issued or privately placed by the Company in each period before as not completed yet, or those already completed within the last three years but with planned benefits not presented yet, the Company handled capital increase by cash to issue 500,000,000 ordinary shares in December 2023, and the relevant contents of the issuance plan and execution status thereof are described as follows:

(I) Contents of the plan:

1. Total capital needed for this plan: NT$ 2,500,000,000.
2. Capital source of the plan: To handle capital increase by cash to issue 500,000,000 ordinary shares with face value of NT$ 10 per share and issue price of NT$ 5.0 per share. The total amount raised was NT$ 2,500,000,000.
3. Planned project, estimated progress, and estimated benefits

Unit: NT$ 1,000

Planned project	Estimated date of completion	Total capital needed	Estimated progress of capital application
			Fourth quarter of 2023
Increase operating capital, strengthen financial structure, and improve RBC	Fourth quarter of 2023	2,500,000	2,500,000
Total		2,500,000	2,500,000
Estimated benefits	After the Company raises the fund, it is expected that RBC can be increased by approximately 8.2%, and the Company's self-owned capital can be improved and the financial structure		

	can be strengthened.

4. Fundraising method and source if the fund raised this time is insufficient: This capital increase by cash is handled according to regulatory provisions, and underwriter has been engaged for underwriting of this capital increase. To be specific, public underwriting will be carried out by means of public subscription and placement, which can sufficiently guarantee that the number of shares issued in this capital increase can be fully sold; if the fund raised becomes insufficient due to the change of stock price in the future, the Company may reduce the amount needed for this financial plan. When the fund raised is increased, the surplus can be used to increase the operating capital.

(II) Implementation status: The fundraising of this capital increase by cash was already completed and fully used in the fourth quarter of 2023.

V. Operational Highlights

I. Description of the Business

(I) Scope of business

1. Main contents of business and its operating proportion

As a life insurance company incorporated with the approval of the competent authority, the Company operates each life insurance business according to the relevant provisions of the Insurance Act. The business contents of the Company include personal and group insurance policies of life insurance, health insurance, accident insurance, annuity insurance, universal insurance, and investment insurance products; in order to properly use the premium income and acquire good returns, the Company applies its premium income in investments to generate stable and reasonable rate of return. The ratios of premium income of various kinds of insurance operated by the Company in the last two years (2022 and 2023) are listed in the following table for reference:

Unit: NT$ 1,000

Name of product	2022		2023	
	Revenue	%	Revenue	%
Life insurance	39,035,192	35.60%	33,403,429	27.10%
Health insurance	36,554,430	33.34%	36,341,591	29.48%
Accident insurance	3,423,317	3.12%	3,526,506	2.86%
Annuity insurance	3,796	0%	20,949	0.02%
Universal insurance	468,741	0.43%	444,940	0.36%
Investment insurance	2,828,649	2.58%	3,023,336	2.45%
Group insurance	865,990	0.79%	873,382	0.71%
Total premium income	**83,180,115**	**75.86%**	**77,634,133**	**62.98%**
Less: Reinsurance premium expenditure	(3,023,915)	(2.76%)	(3,315,048)	(2.69%)
Less: Net change in unearned premium reserve	(288,810)	(0.26%)	(326,034)	(0.27%)
Revenue from reinsurance commission and fee	2,609,137	2.38%	3,066,696	2.49%
Net profit or loss on investments	26,616,236	24.28%	30,618,629	24.84%
Other operating revenue	34,360	0.03%	60,537	0.05%
Income from segregated account insurance products	519,967	0.47%	15,533,843	12.60%
Total	**109,647,090**	**100.00%**	**123,272,756**	**100.00%**

2. Product items of the Company at present

Category of main product	Main product items
Personal life insurance	Whole-life insurance, foreign currency whole-life insurance, whole life insurance, foreign currency whole life insurance, term life insurance, interest sensitivity increasing whole life insurance, foreign currency interest sensitivity increasing whole life insurance, interest sensitivity endowment insurance, interest sensitivity whole-life insurance, and foreign currency interest sensitivity whole-life insurance
Personal health insurance	Hospital medical insurance, cancer insurance, whole-life health insurance, surgical health insurance, specific injury/disease health insurance, critical disease health insurance, long-term care insurance, foreign currency health insurance, and critical illness health insurance
Personal accident insurance	Personal accident insurance, travel accident insurance, and Internet accident insurance
Personal annuity insurance	Immediate life annuity insurance, interest sensitivity annuity insurance, and deferred life annuity insurance
Investment insurance	Variable annuity insurance, foreign currency variable annuity insurance, variable life insurance, foreign currency variable life insurance, variable universal life insurance, and foreign currency variable universal life insurance
Group insurance	Group 1-year term life insurance, group health insurance, group accident insurance, group occupational hazards insurance, student group insurance, group hospital & surgical insurance, and group interest sensitivity annuity insurance

3. Products currently sold by the Company are as follows:

   In addition to providing customers with comprehensive life insurance products and services, the Company is also dedicated to satisfying customers' diversified protection requirements. The products currently sold by the Company are presented as follows:

(1) Personal life insurance-Traditional life insurance

New S-Term Rider	TGL Interest Sensitivity Whole Life
G-Whole Life	NXSA Interest Sensitivity Whole Life (Regular Payment)
MF-Whole Life	NX-Whole Life (Regular Payment)
NZBL Interest Sensitivity Whole Life (Regular Payment)	NZMTD Interest Sensitivity Increasing Whole Life (Regular Payment)
P-Whole Life	NZSWL Interest Sensitivity Increasing Whole Life (Regular Payment)
1-Year GOS-Term Rider	I-Small Amount Whole Life
TDL Interest Sensitivity Whole Life (Regular	X-Term Life

Payment)	
TMM Interest Sensitivity Whole Life (Regular Payment)	TYL Interest Sensitivity Whole Life (Regular Payment)
5-Year X-Term Life	TMY Interest Sensitivity Whole Life (Regular Payment)
NTFL Interest Sensitivity Whole Life (Regular Payment)	TGZ Interest Sensitivity Whole Life (Regular Payment)
AF-Term Life	CF-Decreasing Term Life
HPA-Whole Life	

(2) Personal life insurance-Investment insurance

AF-Variable Annuity	U-Variable Annuity
AS-Variable Annuity	CHF-Variable Annuity
AU-Variable Annuity	CHF-Variable Life
AUF-Variable Annuity	CH-Variable Annuity
T-Variable Universal Life	CH-Variable Life
M-Variable Universal Life	MF-Variable Universal Life
KF-Variable Annuity	JF-Variable Annuity
K-Variable Annuity	JF-Variable Universal Life
UF-Variable Annuity	J-Variable Annuity
PF-Variable Universal Life	P-Variable Universal Life
PF-Variable Annuity	P-Variable Annuity
GF-Variable Universal Life	G-Variable Universal Life
LF-Variable Universal Life	LS-Variable Universal Life
J-Variable Universal Life	FF-Variable Universal Life
F-Variable Universal Life	LS-Variable Annuity
NF-Variable Annuity	NS-Variable Annuity

(3) Personal accident insurance

Accidental Death & Dismemberment Insurance	P-Waiver-of-Premium Insurance Rider
Accidental Death & Dismemberment Insurance Rider	Internet Accidental Death & Dismemberment
Accidental Fracture Reimbursement Insurance Rider	Internet Accidental Medical Reimbursement Insurance Rider
J-Accidental Death & Dismemberment Insurance Rider	Internet Accidental Death & Dismemberment Insurance
Traffic Accidental Death & Dismemberment Insurance Rider	SP-Accidental Death & Dismemberment Insurance
H-Accidental Death & Dismemberment Insurance Rider	HP-Accidental Dismemberment Insurance Rider
1-Year Term GO-Accidental Dismemberment	SF-Accidental Dismemberment Insurance Rider

Insurance Rider	
S-Accidental Fracture Reimbursement Insurance Rider	Traffic Accidental Death & Dismemberment Insurance Rider
Accidental Medical Reimbursement Insurance Rider	Accidental Daily Hospital Income Insurance Rider
I-Small Amount Dismemberment Insurance Rider	S-Accidental Medical Reimbursement Insurance Rider
S-Accidental Medical Reimbursement and Daily Hospital Income Health Insurance	Micro Accidental Death & Dismemberment

(4) Personal health insurance

C Waiver-of-Premium Insurance Rider (107)	HK-Cancer Insurance Rider
G Waiver-of-Premium Insurance Rider (104)	Hospital Income & Surgical Expense Insurance Rider
J Waiver-of-Premium Insurance Rider	HY-Surgical Income Insurance
K Waiver-of-Premium Insurance Rider (104)	J-Long-Term Care Whole Life
MC Waiver-of-Premium Insurance Rider (104)	J-Specific Disease Insurance Rider
MJ Waiver-of-Premium Insurance Rider	1-Year-Term GO-Long Term Care Insurance Rider
MK Waiver-of-Premium Insurance Rider (104)	Z-Long-Term Care Whole Life
MS Waiver-of-Premium Insurance Rider	New Dread Disease Benefit Health Insurance Rider
S Waiver-of-Premium Insurance Rider	LH-Hospital Indemnity Health Insurance Rider
A-Long-Term Care Whole Life (109)	CH-Hospital Indemnity Health Insurance Rider
B Hospital & Surgical Expenses Insurance Rider, Plan A	SJ-Hospital Lifetime Indemnity Health Insurance (104)
CAC Cancer Health Insurance	SYJ Health Insurance Rider
D-Hospital & Surgical Expenses Insurance Rider	ULI Health Insurance
DZ-Hospital & Surgical Expenses Insurance Rider	XAC Cancer Health Insurance, Term-To-Age-75
GOA-Cancer Insurance Rider	Y-Hospital Indemnity Health Insurance
GOF One-Year-Term Cancer Insurance Rider	Z-Dread Disease Benefit Insurance Rider (107)
NGOD One-Year-Term Critical Illness Health Insurance Rider	A Waiver-of-Premium Insurance Rider
O Waiver-of-Premium Insurance Rider	MA-Cancer Insurance
FH-Hospital Indemnity Health Insurance Rider	Z Waiver-of-Premium Insurance Rider
XS-Surgical Income Insurance	IEC Catastrophic Illness
IKC Catastrophic Illness	I-Long-Term Care Whole Life
IYC Catastrophic Illness	J-One-Year Health Insurance Rider A (for telemarketing)
DB-Hospital & Surgical Expenses Insurance Rider C	E-Long-Term Care Whole Life

NF-Hospital Indemnity Health Insurance Rider	NL-Hospital Indemnity Health Insurance Rider
SSA-Cancer Insurance	YAC-Cancer Insurance

(5) Personal annuity insurance

CS-Immediate Life Annuity	RG-Interest Sensitivity Annuity, Type A

(6) Group insurance

Group AnKan Cancer Benefit (108)	Group Interest Sensitivity Annuity, Type A
Group Accidental Disability Indemnity	Group Maternity Indemnity
Group Accidental Disability Supplement Insurance	Group Cancer Surgical Benefit
Group Accidental Fracture Indemnity	Group Dread Disease Benefit
Group Daily Hospitalization Indemnity Surgical	Group Hospital Income
Group Elite College Cancer & Surgical Rider	Group Hospital & Surgical Insurance
Group Elite College Dread Disease Benefit Rider	Group Increasing of Major Burn Insurance
Group Elite College Hospital Indemnity Rider	Group 365 Hospital & Surgical Insurance
Group Elite College Hospital & Surgical Rider A	Group Occupational Hazards Insurance
Group Elite College Hospital & Surgical Rider B	Group Overseas Health & Surgical Insurance
Group Elite College Insurance	Group Occupational Personal Accident Rider
Group Elite College Immunoglobulin Injection Rider	Group Outpatient Surgical Indemnity
Group Elite College Medical Reimbursement Rider	Group Insurance For Accident
Group Elite College Major Surgical Indemnity Rider	Group Travel Accident Insurance
Group Elite College Medical & X-ray Reimbursement, Type A	Group Term Life Insurance
Group Elite College Surgical Indemnity Rider	Group Transportation Personal Accident
Group Foreign Student Hospital Insurance	Group WeiShing Personal Accident Insurance
Group Foreign Outpatient Surgical Indemnity	Group Elite College Medical & X-ray Reimbursement, Type A
Group Hospital Outpatient Indemnity	Group ICU & Burning Center Indemnity
Group Accidental Dismemberment Insurance	

(7) Others

Travel Accident Insurance	Health Rider Continuation Endorsement
Value-Added Bonus Supplementary Contract	S-Variable Universal Life Endorsement
Contract Word Modification Endorsement	Value-Added Bonus Supplementary
Investment Target Contract Endorsement	J-Investment Target Contract Endorsement
Foreign Currency Policy Loan Endorsement	Mortgage Beneficiary Appointment and Disposition Endorsement
Rider Continuation Endorsement	Health Rider Continuation Endorsement
A-Investment Target Contract Endorsement	Take-Profit & Schedule Order Endorsement

Oversea Hospital & Surgical Expenses Insurance Rider	Spillover Effect Rider

The Company provides the customers with thoughtful life protection and has launched "TMY Interest Sensitivity Whole Life (Regular Payment)" to provide the whole life insurance to the family members. Besides, this product has the function of regular payments by installments, so that the policyholder may designate the payment of "Death Benefit" at a lump-sum manner or by installments. The payment ratios and duration may be flexibly agreed upon based on the needs of different beneficiaries, to ensure peace of mind and provide stable livelihoods to the family members; furthermore, an interest rate declaration mechanism has been established to offer the opportunity to acquire value-added bonus and increase the benefits of policies according to the changes of the market environment; additionally, this product provides end-of-life payment to offer the most appropriate care for the policyholders and their families.

Investment insurance products are connected to entrusted investment accounts so that the policyholders are not required to pay attention to the market changes at any time. It is only required to decide on the risk attributes, and then the experts will operate the investment management accounts on behalf of the policyholders. Compared with traditional investment insurance policies which require the selection of investment objectives by policyholders themselves, policyholders of investment insurance products can manage their wealth more easily; for investment products under special mechanisms like interest suspension mechanism, overcharging mechanism, and automatic conversion mechanism, policyholders may, based on their risk preferences, configure the investment objectives of different funds or discretionary account, and use the mechanisms mentioned above in a crossover way to achieve the goal of risk control. In addition, "XF-Variable Annuity", the first investment insurance product of the Company attached with guaranteed payment, has been approved by the competent authority to provide the guaranteed minimum amount of death claim so that the concerns of the policyholders can be solved when they pass away. In 2017, "XF-Variable Annuity" was initially sold through agency and banking channels. The Company launched variable universal life insurance products with bonus benefits, i.e., "F-Variable Universal Life", "FF-Variable Universal Life", "NS-Variable Annuity", and "NF-Variable Annuity". Experts were entrusted to invest, flexibly adjust the setback method, and plan monthly cash flows for the policyholders; also, the Company launched "LS-Variable Universal Life" and "LF-Variable Universal Life" which offered more than one hundred diversified investment objectives to satisfy different investment demands and provide policyholders with more diversified options.

With respect to accident insurance, the Company has the first "Internet

Accidental Death & Dismemberment" insurance product specifically designed for riders and passengers of motorcycles and bicycles in the industry. Customers may purchase the insurance via the Internet and can easily acquire accidental death protection after paying the premium. "J-Accidental Death & Dismemberment Insurance Rider" provides customer accidental injury, death, and disability protection, protection for accidental injury, death, and disability caused by public transportation, accident protection for major burns, and protection for accidental injury, death, and disability caused by elevators.

In consideration of high medical cost and different treatment time, the Company has developed diversified health insurance products to sustain complete health insurance product lines. Among the personal health insurance products currently being sold, the Company provides "NGOD One-Year-Term Critical Illness Health Insurance Rider" featuring lump-sum payment of premium to target major injury items recognized in national health insurance (except eight uncovered items). This kind of one-year-term design can realize the functions of low premium and high protection; also, the Company provides "IEC Catastrophic Illness" which features guaranteed payment by installments with a premium-exempted design, as well as "IYC Catastrophic Illness" with spillover preference. Also, in response to the policyholders' needs for surgical medical protection, the Company launched "NF-Hospital Indemnity Health Insurance Rider" to plan surgical protection, and this product involves as many as 1,532 surgical items with maximum amount insured reaching 80 times. Not only inpatient surgical payments but also outpatient surgical protections are provided. Outpatient surgical payments are not discounted, with the same payment multiplier as the inpatient surgical benefits; in addition to surgical items, 203 specific treatment items have been added. The treatment expenses incurred have also been thoughtfully included in the scope of medical protection for the policyholders, thus helping them construct a complete medical protection network.

In recent years, the demand of young and middle-aged people for long-term care has been gradually increased. If misfortune happens, families will bear incredibly high pressure. In order to benefit the general public with long-term care insurance, the Company has launched "I-Long-Term Care Whole Life", "1-Year-Term GO-Long Term Care Insurance Rider", and "E-Long-Term Care Whole Life" to provide flexible options. Long-term care protection shall be planned for any age group so that policyholders and their family members can enjoy peace of mind and support.

For group annuity insurance, in consideration of the trend of an aging society in the future, the Company has launched the first group annuity insurance product in Taiwan, called "Group Interest Sensitivity Annuity". This product offers diversified accumulation tools. Corporate employers may apply this product in their employee retirement planning to satisfy

employees' needs for their retirement planning.

4. New products planned for development

   In response to the change of the social structure, Mercuries Life Insurance Co., Ltd. has not only continually developed a variety of life insurance products, but also dedicated to creating added value to these products, e.g., low-claim payment, three-year free health examination, multi-function overseas service card, competitive housing loans, etc. in the hope that the most complete protection can be provided for the people, and the policyholder's quality of life can be bettered. With the prevalence of cloud technology, digital services are gradually replacing the traditional manual operations, and life insurance company have competitively launched many different innovative digital services. The Company is also dedicated to promoting quick and convenient "e" policyholder services so that customers can browse the contents of their insurance policies via the Internet, and change their personal files in a convenient and real-time manner. Also, the customers can review their policy loans and automatic prepayments at any time, master the application progress of claim settlement, or flexibly adjust the ratios of investment objectives in their accounts, thus strengthening the mobile operational processes and the cloud-based customer services. The Company has also started planning and actively expanding diversified marketing channels, and continually developed financial products for cross-selling, with the objective to create higher economic benefits and improve customer satisfaction. For the new products planned for development, the product development plan made in the beginning of 2024 is as follows:

Plan for the most recent fiscal year	Current progress	R&D expenses to be further spent	Time of completion of volume production	Main influencing factors for successful R&D in the future
Long-term care regular health insurance (development of regular protection products for the aged)	Expected to be launched in the 2nd quarter	Approximately NT$ 1 million	2nd quarter of 2024	Whether the product structure meets customer needs.
Multi-time payment cancer insurance	Expected to be launched in the 2nd quarter	Approximately NT$ 1 million	2nd quarter of 2024	Whether the product structure meets customer needs.

(II) Industry overview

1. Status quo and development of the industry

   (1) Overall economy:

   The year 2022 was a very challenging year for the domestic insurance industry. The COVID-19 pandemic and the Russia-Ukraine war resulted in a sharp increase in inflationary pressure. As a result, major

international central banks had to continuously raise interest rates, and a turbulent situation was presented in the global markets, with both stocks and bonds declining simultaneously. Consequently, the insurance companies faced considerable pressure regarding their investment strategies. At the same time, the number of daily confirmed cases with COVID-19 infection soared to tens of thousands in Taiwan in the middle of 2022, resulting in a substantial increase in the claims for epidemic prevention insurance. This had a significant impact on the insurance companies. Influenced by the double factors, the operation of the domestic insurance industry was undesirable in 2022. In 2023, with domestic epidemic restrictions lifted and epidemic prevention degraded, the central bank already suspend observation for interest rate hikes, and the investment market significantly recovered compared to that in 2022. The adverse factors against the operating environment gradually disappeared. For property and casualty insurance sector, previously affected by the dual impacts of epidemic prevention and claims for epidemic prevention insurance, the probability of turning losses into profits was expected to soar. At the same time, the Federal Reserve published a resolution on interest rate on February 1, 2024 (Taiwan time). Given the continuous slowdown of the inflation, the current interest rate level was sufficient to suppress the further inflationary pressure. According to the final resolution of the Federal Reserve, interest rate hikes were suspended, and the interest rates remained unchanged for 4 consecutive times. The stabilization of the international market benefited the fund utilization of insurance. In summary, after experiencing the difficult environment in 2022, the operation of the insurance industry would gradually return to stability.

With the arrival of the new generation of online insurance, Taiwan is about to usher the first purely online insurer in 2023, and the competent authority expected that it could bring a catfish effect to the traditional insurers just like online bankers. To cope with this challenge, the traditional insurers have actively developed insurance technology services such as remote insurance and electronic insurance policy, or established eco-systems to sustain their competitive advantages. However, when developing new digital applications, the insurers

should also face the accompanied risks, e.g., Deepfake fraud taking place in various places in 2022. To sustain their competitive advantages, the insurers should not only develop emerging digital applications, but also exert equal resources and efforts to invest in digital management and protection work like the new edition of information security standards, only by doing which they could establish the emerging digital applications on a “safe” basis and provide customers with “trustworthy” digital insurance services. In addition, IFRS 17 “Insurance Contracts” was initially applied internationally on January 1, 2023. In accordance with the provisions of the International Accounting Standards, the known or reasonably predictable material information regarding the possible impact of the initial application of the new standard on the financial statements of insurance companies should be disclosed in the reporting information in the transition period of IFRS 17. It is expected that IFRS 17 will be adopted in Taiwan on January 1, 2026, with a delay of 3 years compared with the international application. During this period, the preparatory work conducted by international insurers during the transition period can be observed, to moderately review and adjust the importing work of IFRS 17 by the insurance companies in Taiwan.

Traditionally, people in Taiwan hoped to bring upon children to support them in their old age. However, when facing low birth rate and increased longevity, families could no longer bear the responsibility of carrying for the elderly alone, and they must rely on individuals and the government to share the needs resulting from population aging, which was the reason why the government actively engaged in more resources to establish social insurance, welfare, and policies related to the elderly in the last two decades. For example, the national health insurance launched in 1995 benefited the elderly most. Also, Labor Pension Act was established in 2005, and national annuity insurance launched in 2008 respectively. All of them are social insurance systems established in response to the increased longevity of people in Taiwan. However, given the insufficiency of social welfare care in Taiwan, the general public has become increasingly dependent on insurance. Retirement related annuity insurance, medical insurance, (quasi-) long-term care

insurance, and other survival related insurance have become increasingly important year by year. Therefore, people's focus on retirement planning has already been shifted from the mortality insurance in the past to insurance that provides life protection and care. According to the latest statistics of the Taiwan Insurance Institute and the Life Insurance Association, the insurance rate of Taiwan grew year by year, and each Taiwanese held two life insurance or annuity insurance policies on average; however, the popularization rate seemed to slow down in the recent years, and it became challenging for the insurers to enable the general public to have a further understanding of the meaning and significance of insurance, and to actively develop insurance products meeting policyholders' needs to continually explore the insurance market.

The statistical data released by the Taiwan Insurance Institute (detailed in the table below) indicated the growth rate of the total premium of life insurance in Taiwan from 2013 to 2023. In recent years, due to the spreading of the COVID-19 pandemic, the impact of the interest rate hike executed by the Federal Reserve, and the influence of the import of IFRS 17 in the industry on the product strategies, the total premium income of Taiwan in 2023 was down by 6.27% compared with that in the same period of 2022.

Statistics of Total Premium Income in Taiwan

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total premium income (Unit: NT$ 100 million)	25,835	27,711	29,267	31,334	34,202	35,116	34,667	31,640	29,711	23,344	21,879
Growth rate (%)	4.24	7.26	5.61	7.06	9.16	2.67	(1.28)	(8.73)	(6.10)	(21.43)	(6.27)

Data source: Taiwan Insurance Institute

The penetration rate (ratio of premium income to GDP) is extremely high in the life insurance industry of Taiwan, but the average insured amount is still low per capita, showing that ordinary people still prefer principal repayment type insurance products, or insurance products similar to time deposit. However, the coverage of life insurance products of such types is still relatively low, and the protection is obviously insufficient. Also, with the worsening of the low birth rate

and the population aging, development space still exists in the local life insurance market. In the future, the life insurance practitioners will actively expand the depth of products, research and develop traditional life insurance and health insurance products that differentiate market demands, and plan retirement insurance products in response to the aging society, all of which are the prioritized product development directions in the future life insurance industry.

(2) Overview of life insurance companies

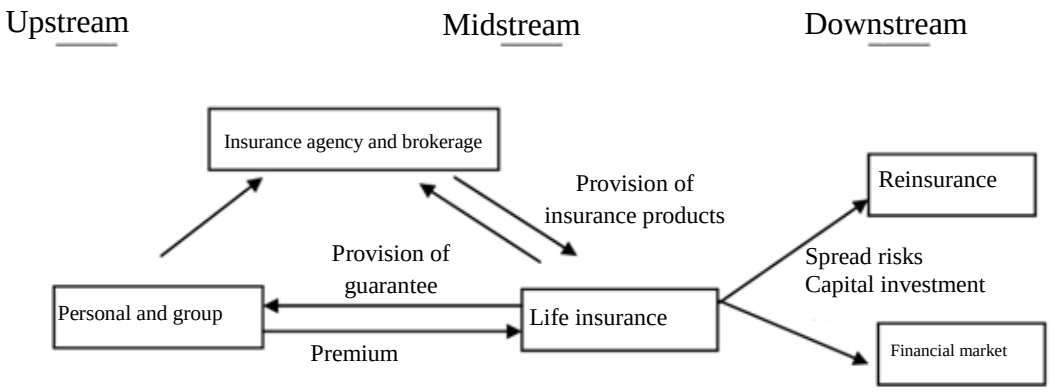
Taiwan Life Insurance Co., Ltd. was the first life insurance company of Taiwan incorporated in 1947. The life insurance market of Taiwan was approved for private operation since 1962, and the maximum number of life insurance companies reached 63 after the entry of foreign life insurance companies (approved for operation since 1986) and the incorporation of local life insurance companies (approved for operation since 1992). However, due to the continuous decline of interest rate and the gradual intensified competition in the insurance industry, the operation of foreign-invested life insurance companies became increasingly difficult, and they began to gradually exit from Taiwan market: In 2004, Farglory Life Insurance Co., Ltd. acquired total assets and liabilities related to all policies of Zurich Life Insurance Taiwan Branch. In 2005, China Life Insurance Co., Ltd. acquired assets, liabilities, and all business from Old Mutual-Guodian Life Insurance Co., Ltd. Taiwan Branch at a price of NT$ 400 million. Later, due to the impact of the financial crisis and the scheduled implementation of IFRS 4 by the parent companies of foreign-invested insurance companies, European life insurance companies faced the pressure of drawing huge-amount liability provisions, and they began to withdraw investments since 2008: In 2008, ING-Aetna Life Insurance Co. planned to implement IFRS based on the regulations of the Europe, and the spread loss resulting from the insurance policies with high interest rate in Taiwan forced the European parent company to draw hundreds of billions of new Taiwan dollars as provisions. After evaluating the effective application of resources, ING-Aetna Life Insurance Co. decided to sell its subsidiary in Taiwan to Fubon Financial at a price of USD 600 million, thus starting the withdrawal of foreign-invested life

insurance companies; later, PCA Life Insurance sold its agent channels and relevant assets to China Life Insurance at a price of NT$ 1, and Prudential Life Insurance is still running business in Taiwan; Aegon Life, a major Dutch insurance group, sold all the equity of its subsidiary in Taiwan to Chung Wei Yi Company Limited at a price of NT$ 3 billion; in 2011, AIG suffered from a financial crisis, and sold the equity of Nan Shan Life, its subsidiary in Taiwan, to Ruen Chen Investment Holding Co., Ltd.; MetLife also sold its subsidiary in Taiwan to CTBC Financial Holdings; in 2013, Allianz Life completed relevant delivery procedures and merger operation with HSBC Life and acquired the business and specific assets and liabilities transferred by HSBC Life. Yuanta Financial Holdings implemented a 100% acquisition of New York Life Insurance Taiwan Branch with the approval from the FSC, to set foot in the life insurance company. In addition, with the approval from the FSC, CTBC Life Insurance completed a closing deal with Manulife Life Insurance Taiwan Branch on January 1, 2014; In May 2015, Cathy Life Insurance won the bid of the plan of "Combination of the Global Life Insurance and Happy Life Insurance" at a price of NT$ 30.3 billion to acquire the assets, liabilities, and business of these two life insurance companies. In August 2015, CTBC Financial Holdings included Taiwan Life Insurance as its subsidiary in form of share conversion, which triggered the changes of the life insurance industry of Taiwan again. In January 2017, Nan Shan Life used NT$ 200 million compensated for by the Taiwan Insurance Guaranty Fund to win the bid of transfer of assets, liability, and business operation of Chaoyang Life Insurance, and the closing was finished in May 2017. In January 2018, Zurich Life Insurance dissolved its Taiwan branch. In 2021, with the approval from the FSC, Taishin Financial Holdings obtained 100% equity from Prudential Life Insurance, symbolizing its formal entry into the insurance industry. The later became a subsidiary of Taishin Financial Holdings and renamed to "Taishin Life". The FSC approved Chuub, a British insurance group, to obtain 100% equity from Cigna Taiwan Life Assurance in June 2022, and the equity closing was completed on July 1. The company was fully merged on December 1, 2022. After the withdrawal of European and American insurance companies, there are

21 life insurance companies in Taiwan at present, including 19 local life insurance companies and 2 branch companies of foreign life insurance companies in Taiwan.

2. Relevancy of upper, middle, and lower reaches of the industry:
   According to the industry association diagram of life insurance industry below, individuals and groups purchase insurance products from life insurance companies directly or through insurance brokers and agents, for the purpose of acquiring protection from the life insurance industry. After acquiring premium income, the life insurance companies would use a part of capital for reinsurance to spread risks, and invest other capital in the financial market to earn interests.

Relevancy of Life Insurance Industry



3. Development trends and competition of products:

(1) Development trends of life insurance products (Data source: Statistics of life insurance industry from the Life Insurance Association)

The statistical data of the Life Insurance Association indicated: The total premium income of the life insurance industry reached NT$ 2.024 trillion in 2023, down by 4.1% compared with NT$ 2.1115 trillion in 2022; the first-year premium (FYP) income reached NT$ 516.4 billion, down by 6.9% compared with NT$ 554.6 billion in the previous year, while the renewal premium income reached NT$ 1.5076 trillion in 2023, down by 3.2% compared with NT$ 1.5569 trillion in 2022.

In order to differentiate the overall product operation conditions in a reasonable manner, the insurance products have been classified as traditional products and investment products by confirming whether the insurance companies are responsible for the profit or loss on investment. To be specific, the premium income of traditional products reached NT$ 1.8389 trillion, down by 3.3% compared with NT$ 1.9008 trillion in the previous year, among which the FYP income was NT$ 414.8 billion, down by 2.8% compared with that in the previous year, while the renewal premium income reached NT$ 1.4241 trillion, down by 3.4% compared with that in the previous year; the premium income of investment insurance products reached NT$ 185.1 billion, accounting for 9.1% of total premium income, among which the FYP income reached NT$ 101.6 billion, and the renewal premium income reached NT$ 83.5 billion.

Statistical Table of Premium Income of the Life Insurance Industry in 2022 and 2023

Unit: NT$ 100 million

Item		2022		2023	
		Premium income	Ratio (%)	Premium income	Ratio (%)
First year	Traditional products	4,266	76.92	4,148	80.33%

	Investment products	1,280	23.08	1,016	19.67%
	Subtotal	5,546	100.00	5,164	100.00%
Renewal	Traditional products	14,742	94.69	14,241	94.46%
	Investment products	827	5.31	835	5.54%
	Subtotal	15,569	100.00	15,076	100.00%
Total	Traditional products	19,008	90.02	18,389	90.85%
	Investment products	2,107	9.98	1,851	9.15%
	Subtotal	21,115	100.00	20,240	100.00%

Data source: Life Insurance Association

Note: Only the premium income that complies with the provisions stipulated in IFRS 4 Insurance Contracts is calculated in this table.

The analysis of FYP income per insurance type indicated: The premium income of life insurance reached NT$ 442.8 billion, accounting for 85.7% of the FYP income, and down by 3.8% compared with NT$ 460.1 billion in 2022; the premium income of accident insurance reached NT$ 13.7 billion, accounting for 2.7% of the FYP income, while that of health insurance reached NT$ 40.2 billion, accounting for 7.8% of the FYP income, and up by 9.8% compared with that in 2022; the premium income of annuity insurance reached NT$ 19.7 billion, accounting for 3.8% of the FYP income, and down by 57.5% compared with NT$ 46.4 billion in 2022.

If viewed from the FYP income of traditional insurance products, the total FYP income reached NT$ 414.8 billion, down by 2.7% compared with NT$ 426.5 billion in the previous year, among which: The FYP income of life insurance reached NT$ 353.3 billion, down by 2.0% compared with NT$ 360.6 billion in the previous year; the FYP income of accident insurance reached NT$ 13.7 billion; the FYP income of health insurance reached NT$ 40.2 billion; the FYP income of annuity insurance reached NT$ 7.6 billion, down by 57.5% compared with that in the previous year.

If viewed from the FYP income of investment insurance products, the total FYP income reached NT$ 101.6 billion, among which: The FYP income of life insurance reached NT$ 89.4 billion, accounting for 17.3% of the FYP income of all insurance types; the FYP income of annuity insurance reached NT$ 12.1 billion, accounting for 2.3% of the FYP income of all insurance types.

Statistical Table of FYP Income of the Life Insurance Industry per Insurance

Type in 2022 and 2023

Unit: NT$ 100 million

Insurance type		2022	2023
Life insurance	Traditional products	3,606	3,533
	Investment products	995	894
	Subtotal	4,601	4,428
Accident insurance	Traditional products	114	137
Health insurance	Traditional products	366	402
Annuity insurance	Traditional products	179	76
	Investment products	285	121
	Subtotal	464	197
Total	Traditional products	4,265	4,148
	Investment products	1,280	1,016
	Subtotal	5,545	5,164

Data source: Life Insurance Association
Note: Only the premium income that complies with the provisions stipulated in IFRS 4 Insurance Contracts is calculated in this table.

Through the general survey of the performance of the life insurance industry from January to December 2023, the total premium income reached NT$ 2.024 trillion, down by 4.1%. The FYP income was decreased by 6.9%. The premium income of traditional insurance products was kept greater than that of investment insurance products; the FYP income of investment insurance products reached NT$ 101.6 billion, accounting for 19.7% of the FYP income of all insurance types. The FYP income of investment insurance products accounted for 23.1% in the same period last year (2022). The performance of the life insurance in 2023 is explained from two aspects:

A. Traditional insurance products:

In 2023, the insurers had an increasingly prudent attitude towards the declared rise of the interest rate for the interest sensitivity products, which did not comply with the people's expectations, and the sales of USD interest sensitivity life insurance products were harmed due to the depreciation of TWD against USD. As a result, the growth of performance of these products slowed down. Also, it was expected by the general public that the future premium would be reduced in response to the rise of interest rate, which was the reason why the policyholders adopted a wait-and-see attitude in 2023. From January to December 2023, the FYP income of

traditional insurance products was down by 2.7% compared with that in 2022.

B. Investment insurance products:

The policyholders began to adopt a conservative attitude towards investments due to the fluctuation correction of the capital market, the increase of inflation pressure, and the depreciation of TWD against USD. In addition, the new system regarding investment insurance policies was initiated, and provisions were stipulated regarding investment targets, appropriation mechanism, value-added feedback, etc., a certain impact was also imposed on the channel sales. The FYP income of investment insurance products from January to December 2023 was down by 20.6% compared with that in the previous year.

(2) Trends of channel development

Statistical Table of FYP Income of the Life Insurance Industry per Source of Premium Income in 2023

Unit: NT$ 1 million

Per source	Life insurance companies	Bank agencies	Traditional agencies	Total
Premium income	206,486	215,593	94,326	516,405
Ratio (%)	39.99	41.75	18.27	100.00
Personal life insurance	118,545	196,643	33,979	349,168
Personal annuity	6,127	1,140	210	7,478
Investment insurance	36,430	17,244	47,906	101,580
Personal accident and health insurance	32,528	315	6,539	39,382

Data source: Report Form of Premium Income of the Life Insurance Association
Note: Only the premium income that complies with the provisions stipulated in IFRS 4 Insurance Contracts is calculated in this table.

According to the statistical data of the Life Insurance Association, the FYP income reached NT$ 516,405 million in 2023, among which: The FYP income of the marketing system of the life insurance companies reached NT$ 206,486 million, accounting for 39.99%; the FYP income from the bank channel reached NT$ 215,593 million, accounting for 41.75%; the FYP income of the traditional insurance brokers and agents was only NT$ 94,326 million, accounting for 18.27%. Bank

channel is the primary source for the current premium income. In recent years, due to the influence of major environmental factors, including depression of the overall economic environment and low fixed deposit rate of the banks, interest sensitivity products and investment products have been deeply favored by the public. If viewed from the data of insurance types, the performance of bank channels substantially surpassed that of life insurance companies regarding the FYP income of life insurance. However, life insurance companies are still the main sales channel of traditional insurance products including health insurance and accident insurance. To sustain the stability and growth of new contract premium, insurance companies have spared no effort to develop and maintain their channels. The development trends of each channel are analyzed as follows:

A. Traditional agent channel

In recent years, due to the impact of the financial tsunami and IFRS 4, European life insurance companies faced a great responsibility for drawing huge-amount provisions. Some foreign-invested life insurance companies such as ING-Aetna, Prudential, Aegon and MetLife withdrew a part or all of their business from Taiwan in succession since 2008. In the face of withdrawal and resale of foreign-invested insurance companies as well as the development of various marketing channels in recent years through horizontal alliance and cross-marketing in the group, the survival space of insurance agents was obviously compressed. For life insurance companies, talent management is the key to sustainable development, and the acquisition of insurance policies through agency channel can provide relatively high profits. Therefore, the life insurance companies have adopted various approaches like financial subsidies and image advertising in the hope that young agents can be attracted to join them. Currently, new blood is still continually demanded in the life insurance industry, in order to effectively improve the competitiveness of their performance.

B. Bank channel

The premium income from the bank channel grew quickly in recent

years. People began to adopt a relatively conservative attitude towards investments mainly due to the influence of financial tsunami. In consideration of this situation, banks introduced short-term insurance policies with relatively low risks, such as retirement insurance, savings insurance, interest sensitivity insurance, investment insurance, and housing loan life insurance, etc. Furthermore, people's acceptance of insurance products has been improved, and they would actively inquire information of insurance products from the banks. Therefore, sales of insurance products by the banks are much easier than the agent channel. Since the sales from the bank channel are no longer limited to investment and financing products, the bancassurance channel becomes more flexible, so that the insurance companies can sell products that benefit their financial structure more. Therefore, it is a positive improvement for consumers, banks, and insurance companies. In the future, with the increasing maturity of the insurance market and the arrival of the aging society, more retirement planning products and long-term care insurance products will be launched, and with the advantages of the bancassurance channel, more customers will be attracted continually.

4. Competition

Benefited from the stable growth of the global economy and the repeated soaring stock market performance, the growth of investment insurance products has become significant. With the increased longevity and people's emphasis on health and medical guarantee, lifelong medical insurance, cancer insurance, and long-term care insurance are the key products mostly described by customers, for they meet customers' requirements and drive the growth of the performance of the insurance companies.

According to the statistics of the Life Insurance Association regarding the premium income in 2023, the market share of the Company in the total premium income market reached 5.19%, ranking the 7th place among the 21 life insurance companies in Taiwan.

(III) Overview of technology and R&D

1. Technical level of operation operated and R&D

In recent years, with the recovery of the global economy and the gradual

restoration of confidence in local and foreign investment markets, the insurance market of Taiwan has successively launched various types of insurance products to satisfy existing customers' needs and expand and develop potential policyholders. However, due to the influence of uncertain political and economic factors at home and abroad, customers' willingness to bear risks has become conservative compared with the past. Therefore, the main products sold in the insurance market are still investment products linked with entrusted investment accounts, traditional insurance products featuring principal repayment, protection insurance products, and traditional insurance products involving foreign currency receipts and payments. The product strategies of the Company are as follows:

(1) Continually promoting term protection insurance products, and protection riders matched with main investment product contracts (life insurance, accident insurance, and health insurance).
   - Develop term protection insurance products that meet customers' needs by discussing the gap of customers' needs with marketing units (life insurance, accident insurance, and health insurance).
   - Develop term protection insurance products that are suitable for being attached under investment products by discussing the gap of customers' needs with marketing units.
   - Design term protection insurance products that meet the needs of elderly policyholders.

(2) Strengthening competitiveness of products and reviewing the main products in the same industry, to design products capable of improving mortality gains and loading surplus.
   - Continually promote the sales of health insurance combined with the featured sales of walking-type spillover insurance, and continue to develop different types of spillover policies and add applicable categories of products (e.g., life insurance).
   - Discuss with the marketing unit to study the main products designed for the retired people in the same industry, and provide products that satisfy customer requirements.
   - Discuss with the marketing unit, design products suitable for new agents to sell, and assist them in expanding the markets.

(3) Market survey and suggestions on transformation of product strategies under IFRS17 and ICS.

- Periodically track the transformation of product strategies of main industry peers under IFRS 17 and ICS (investor conference presentation/news/public information).

2. R&D personnel and their education and experience

   The Company is engaged in the life insurance industry which is a part of the financial service industry. Product Department of the Company is responsible for the R&D and design of main insurance products. The Product Department is further divided into Product R&D Section 1, Product R&D Section 2, Product R&D Section 3, Investment Product Section, and Product Analysis Section. Product R&D Section 1, Product R&D Section 2, and Product R&D Section 3 are mainly in charge of traditional life insurance, interest sensitivity annuity insurance, health insurance, accident insurance, and group insurance; Investment Product Section is mainly in charge of investment life insurance products and investment annuity insurance products; Product Analysis Section is responsible for handling IFRS 17-related work. The sections mentioned above conduct market research and investigation, product development, and management work before and after sales of insurance products or tasks they are responsible for.

   As of February 29, 2024, the Product Department comprised 32 employees (including department heads), accounting for approximately 2.1% of the internal staff of the Company. Among them, 24 employees are with a master's degree, 1 employee has obtained the qualification of Fellow of the Society of Actuaries (FSA), and 4 employees have obtained the qualification of Associate of the Society of Actuaries (ASA); 10 employees have the work experience for less than 2 years, 9 employees have the work experience for 2-5 years, 5 employees have the work experience for 5-8 years, and 8 employees have the work experience for more than 8 years.

3. R&D expenses invested annually in the last five years

   The Product Department is the product R&D unit of the Company. The expenses below are the costs of manpower and software/hardware spent by the Product Department for product R&D:

Unit: NT$ 1,000

Year	2019	2020	2021	2022	2023	Q1 of 2024
R&D expenses	26,352	29,754	28,008	28,473	33,862	11,195

4. Successfully developed technologies or products

The Company continues to review the operating procedures, and relies on its self-developed product design procedures and standardized processes to substantially improve its product design efficiency. The main products successfully researched and developed in the last three years and in the year of application are as follows:

Year	Name of type of insurance
2021	B Hospital & Surgical Expenses Insurance Rider, Plan A
	AF-Variable Annuity
	AS-Variable Annuity
	A Waiver-of-Premium Insurance Rider
	TMM Interest Sensitivity Whole Life (Regular Payment)
	K-Investment Target Contract Endorsement
	M-Variable Universal Life
	MF-Variable Universal Life
	NGOD One-Year-Term Critical Illness Health Insurance Rider
	GF-Variable Universal Life
	G-Variable Universal Life
	T-Variable Universal Life
	1-Year-Term GO-Long Term Care Insurance Rider
	Z-Long-Term Care Whole Life
	Group Elite College Medical & X-ray Reimbursement, Type A
	J-Investment Target Contract Endorsement
	MA-Cancer Insurance
	CA-Term Life
	CY-Decreasing Term Life
	LH-Hospital Indemnity Health Insurance Rider
	SP-Accidental Death & Dismemberment Insurance
	O Waiver-of-Premium Insurance Rider
	Z Waiver-of-Premium Insurance Rider
	FH-Hospital Indemnity Health Insurance Rider
	1-Year GOS-Term Rider
	H-Accidental Death & Dismemberment Insurance Rider
	HP-Accidental Dismemberment Insurance Rider
2022	FF-Variable Universal Life
	F-Variable Universal Life
	1-Year Term GO-Accidental Dismemberment Insurance Rider
	IEC Catastrophic Illness
	IKC Catastrophic Illness
	I-Long-Term Care Whole Life

Year	Name of type of insurance
	I-Small Amount Whole Life
	I-Small Amount Dismemberment Insurance Rider
	IYC Catastrophic Illness
	J-Long-Term Care Whole Life
	LF-Variable Universal Life
	LS-Variable Universal Life
	NSE-Hospital Indemnity Health Insurance
	New S-Term Rider
	S-Accidental Medical Reimbursement Insurance Rider
	S-Dread Disease Benefit Insurance
	S-Accidental Medical Reimbursement and Daily Hospital Income Health Insurance
	SE-Hospital Indemnity Health Insurance
	SF-Accidental Dismemberment Insurance Rider
	S-Accidental Fracture Reimbursement Insurance Rider
	SR-Dread Disease Benefit Insurance
	TDL Interest Sensitivity Whole Life (Regular Payment)
	Single-Premium TFL Interest Sensitivity Whole Life (Regular Payment)
	TYL Interest Sensitivity Whole Life (Regular Payment)
	5-Year X-Term Life
	X-Term Life
2023	TMY Interest Sensitivity Whole Life (Regular Payment)
	NTFL Interest Sensitivity Whole Life (Regular Payment)
	TGZ Interest Sensitivity Whole Life (Regular Payment)
	AF-Term Life
	CF-Decreasing Term Life
	LS-Variable Annuity
	NF-Variable Annuity
	NS-Variable Annuity
	HPA-Whole Life
	DB-Hospital & Surgical Expenses Insurance Rider C
	E-Long-Term Care Whole Life
	NF-Hospital Indemnity Health Insurance Rider
	NL-Hospital Indemnity Health Insurance Rider
	SSA-Cancer Insurance
	YAC-Cancer Insurance
	J-One-Year Health Insurance Rider A (for telemarketing)
	Spillover Effect Rider

Year	Name of type of insurance
	Take-Profit & Schedule Order Endorsement

(IV) Long-term and short-term development plans

1. Long-term development plans

   The Company continues to develop foreign currency insurance policies, comprehensive accident insurance, comprehensive medical insurance, and new types of investment insurance/annuity products in response to the policies of the competent authority and based on the market demand. In addition, it continually develops innovative products, and strengthens the promotion of strategic and high-contribution products to ensure the stable growth of performance. The Company also strives to improve the competitiveness and performance of its major channels, including agent channel, bank channel, and diversified marketing channel, to pursue a business goal of steady and continual growth. In response to the prevalence of cloud technology, the Company actively develops “e” and cloud service tools to construct high-efficiency organization systems and marketing tools, and create efficient competitive advantages.

2. Short-term development plans

   In addition to providing comprehensive life insurance products and services for the customers, the Company is also dedicated to satisfying customers’ diversified protection needs and financing requirements, and mastering the market trends at any time. In response to the market demand, the Company will discuss with the marketing unit to continually develop term insurance protection products as well as protection insurance riders matched with insurance master contracts, e.g., development of term protection insurance products that comply with customers’ needs (health insurance, accident insurance, and life insurance) and development of term protection insurance products attached to the investment products. Besides, the Company strengthens the competitiveness of its products and reviews the main protection insurance products in the industry, to design products with improved mortality gains and loading surplus, e.g., continual promotion of the sales of health insurance combined with the featured sales of walking-type spillover insurance, and continual development of different types of spillover policies and add applicable categories of products (e.g., life insurance); research the main products designed for the retired people

in the same industry and provide products that satisfy customer requirements; design products suitable for new agents to sell, and assist them in expanding the markets. At the same time, the Company periodically tracks the transformation of product strategies of main industry peers under IFRS 17 and ICS through investor conference presentation, news, and public information.

II. Overview of Market, Production and Sales

(I) Market analysis

1. Regions of sales (provision) of main products (services) of the Company

   Mercuries Life Insurance Co., Ltd. has established six branch companies, namely, Taipei Branch Company, Taichung Branch Company, Chiayi Branch Company, Tainan Branch Company, Kaohsiung Branch Company, and International Insurance Brach Company, as well as 263 agency offices, with the regions of services spread all over Taiwan. When continually exploring the insurance market in Taiwan, the Company was listed on December 18, 2012, and mainly provided protection and investment insurance products. Also, relying on the high-quality and high-capacity agency team and the excellent administration team, the Company continually provides all-around products and innovative services, creates long-term value for policyholders, shareholders, and employees, and makes more contributions to the society.

2. Huge business system and tremendous manpower

   The excellent agency team is the most valuable asset of the Company. As of the end of December 2023, the number of agents of the Company reached 9,000, ranking the 6th place in the industry. The agents of the Company are highly productive, and also competitive in the central and south Taiwan. In addition, the Company established a Taoyuan/Hsinchu Regional Department in November 2011, and Chiayi Regional Department and Tainan Regional Department in August 2016 respectively to strengthen the fighting capacity of the agents in each region.

   The business of the Company is distributed in six regions, i.e., Taipei, Taoyuan/Hsinchu, Taichung, Chiayi, Tainan, and Kaohsiung, which culturally communicate, compete, and cooperate with each other with a sense of identity. Also, approaches like competition, promotion, and assessment are adopted to improve agents' productivity, and related education and training programs are provided to improve colleagues' quality; also, the Company emphasizes on teamwork, and asks colleagues with market experience to lead others, thus creating a record of success of

the vast majority of people.

3. Market share

According to the statistics of the Taiwan Insurance Institute regarding the market share of premium income of life insurance companies of Taiwan, the market share of the Company in the last two years is as follows:

List of Market Share in the Last Two Years

Unit: NT$ 100 million

Year	Total premium income of the life insurance industry	Total premium income of the Company	Market share (%)
2022	23,344	1,149	4.92
2023	21,879	1,136	5.19

4. Future supply, demand, and growth of the market

Year	2018	2019	2020	2021	2022	2023
Population (Unit: 1,000 persons)	23,580	23,596	23,582	23,468	23,265	23,420
National income (Unit: NT$ 1 million)	15,968,442	16,312,542	17,232,544	18,806,943	19,372,225	19,937,565
Number of effective contracts (Unit: 1,000 contracts)	58,842	60,445	61,376	61,900	61,904	61,721
Insured amount of effective contracts (Unit: NT$ 1 million)	47,107,404	49,230,066	50,171,227	52,196,193	52,929,660	53,941,117
Total premium income (Unit: NT$ 1 million)	3,511,560	3,466,688	3,163,957	2,971,092	2,334,389	2,187,947
Rate of insurance covering (Note)	249.54%	256.17%	260.27%	263.76%	266.08%	263.54%
Penetration rate (Note)	295.00%	301.79%	291.14%	277.54%	273.22%	270.55%
Ratio of premium to national income	21.99%	21.25%	18.36%	15.80%	12.05%	10.97%
Economic growth rate	2.79%	3.06%	3.39%	6.53%	2.45%	1.31%

Data sources:
Population, national income, and economic growth rate: Directorate-General of Budget, Accounting and Statistics of the Executive Yuan (Data as of March 7, 2024)
Name of effective contracts, insured amount of effective contracts, and total premium income: Taiwan Insurance Institute
Notes:
Number of effective contracts, and insured amount of effective contracts: Only life insurance and annuity insurance are calculated.
Rate of insurance covering: Number of effective contracts (only life insurance and annuity insurance calculated)/Population
Penetration rate: Insured amount of effective contracts (only life insurance and annuity insurance calculated)/National income

As shown in the table above, the rate of insurance covering in 2023 slightly declined compared with that 2022, which was the first decline in the recent years. The needs of people for insurance should be continually observed in the future. As for the future supply and demand of the market, with the loosening of laws and regulations and the changes in financial environment, continuous innovations have been made to the types of insurance products in

the life insurance industry. In addition to the tradition insurance products, innovations have also been continually made in investment insurance products and principal-protected insurance products to satisfy the market demand; also, due to the trend of aging and change of population structure, the demand of people for medical insurance and care insurance products will inevitably grow with each passing day. In the face of such infinite potential insurance needs, designing and supplying high-quality insurance products to the market as appropriate will create a win-win situation for both policyholders and the life insurance industry.

5. Competitive niches

(1) Brand awareness and a role model for new life insurance companies

The Company adheres to the spirits of "A word of promise, a friend for life", endeavors to cultivate the insurance market in Taiwan, and relies on high-quality and high-capacity agency team and excellent administration team to continually provide all-around products and innovative service, create long-term value for policyholders, shareholders, and employees, and make more contributions to the society. Continuous improvement is the fundamental spirit of the Company. In the 25th "Insurance Faith, Hope & Love Award" sponsored by RMIM Inc. in 2023, the Company stood out among many life insurance companies and won "Best Product Creativity-IYC Catastrophic Illness of Mercuries Life Insurance" and other five awards; "National Brand Yushan Award" was sponsored by the Republic of China National Enterprise Competitiveness Development Association which issued awards including "Most Competitive Enterprise Award", "Best Product Award", "Most Popular Brand Award" and "Leader of Outstanding Enterprise Award" every year with strict standards. In "The 20th National Brand Yushan Award", the Company won "Best Product Category Award" again with its "IYC Catastrophic Illness", demonstrating the excellent performance of the Company in the development and design of insurance products, and showing that the Company's image as an innovative and surefooted insurance company was already strongly rooted in people's heart. Therefore, the Company adequately became a role model for new life insurance companies.

(2) Stably growing operating objectives and results

Stable growth and continual profitability are the goals for the Company to exert consistent efforts. In 2023, the premium income from new contracts reached NT$ 33.3 billion, the total premium income reached NT$ 113.6 billion, the available capital reached NT$ 1.3219 trillion, and the total assets reached NT$ 1.5218 trillion, leading among the new life

insurance companies. The total assets of the Company exceeded NT$ 1 trillion in 2017, formally becoming a “Trillion Enterprise”.

(3) Complete protection for customers with complete product lines

The Company continues to pursue innovative and complete insurance products and services. It took the initiative to launch universal life insurance in 2005, and launched the first excellent health whole-life insurance policy in 2008, the first investment product interest suspension mechanism in 2009, and the first RMB whole life insurance in 2013 respectively. Besides, in the appraisal of “Insurance Faith, Hope & Love Award” in 2007~2011 and 2014~2023, the Company won the honor of “Best Product Innovation Award” for many tiles. In 2015~2017 and 2020, relevant products of the Company were included in the appraisal of insurance products by *Smart Weekly* and *Modern Insurance Health + Wealth Management Magazine*, demonstrating the Company’s goals to research and develop insurance products that comply with market demand with innovative thinking, and become the most valuable life insurance company.

6. Advantages and disadvantages of development vision and responsive measures:

(1) Advantages of development vision:

A. The marketing channels are diversified, and the level of quantity and quality of life insurance products presented to the consumers can be extended.

B. The restrictions for use of capital in the life insurance industry have been relaxed, to facilitate the improvement of the capital application efficiency of this industry, and increase its competitiveness.

C. The competent authority has simplified the insurance product review process to speed up the promotion of new products.

D. The increasing medical demand leads to the potential demand for medical insurance and care insurance.

E. New investment insurance products have been increasingly put forth to satisfy the needs of policyholders with different risk tolerance.

F. The demand for digital marketing and services has been enhanced in the network era.

G. Problems like aging and low birth rate continue, and the pension market has been much emphasized, together with the increased demand for aging protection.

(2) Disadvantages:

A. Insurance rate liberalization intensified the competition in the life insurance industry, and raised the pressure regarding operating cost.

B. The arrival of the era of high premium increases the difficulties in selling traditional life insurance products.

C. The competent authority raises increasingly strict requirements in relevant provisions governing the insurance products.

(3) Responsive measures:

A. Strengthen the management of asset-liability coordination to lower the level of potential risks in finance and business operations.

B. Promote diversified marketing channels to extend the reach of business sources.

C. Promote a complete series of diversified life insurance products so that the policyholders can purchase sufficient protection at one time.

D. Adhere to the business culture and philosophy of "A word of promise, a friend for life" in the hope that recognition can be acquired from more policyholders.

(II) Important purposes and production process of main products

1. Important purposes of main products

To reduce the burdens and economic losses caused to policyholders due to substantial risks in the future when they are confronted with potential contingent risks in terms of life or finance through different types of insurance planning in advance.

Type of insurance	Product introduction	Important purpose(s) or function(s)
Personal life insurance	A contract with death or survival of the insured as the payment condition	To provide insurance benefit or compensate for economic losses given death or survival of the insured.
Personal health insurance	A contract with economic losses caused to the insured due to disease or medical treatment as the payment condition	To compensate for the income loss or medical expense resulting from the disease or medical treatment of the insured.
Personal accident insurance	A contract with injury caused to the insured due to accident as the payment condition	To compensate for the disability, death, income loss, or medical expense resulting from the accident occurring to the insured.
Personal annuity insurance	A contract that regularly pays the agreed amount during the survival or a specific period of the insured.	It is distinguished as insurance contracts for accumulation period and annuity payment period; the proposer is required to pay within a certain period to accumulate the policy value (accumulation period). Then, after the agreed number of years expires, or the agreed age is reached, annuity will be initially paid (annuity payment period) to secure the economy and safety of the receiver of the annuity in the future.
Investment insurance	A contract stipulating the investment of the proposer in fund or structural bond with	To provide insurance benefit or compensate for economic losses based on the death or survival of the insured. This

Type of insurance	Product introduction	Important purpose(s) or function(s)
	policy account value. This amount will be paid as agreed in a specific period or upon occurrence of an insurance accident.	insured amount will be impacted by the policyholders' investment performance.
Group insurance	A contract with a group as an insured unit and personal safety of the members of this group as the insurance target	To gather the members with a stake in the group to share the premium and economic losses in a fair and reasonable way, with the objective to ensure the insured members' stable economic life.

2. Production process of main products
   (1) Preliminary idea: The Product Development Consulting Commission (PDCC) comprising marketing related departments or representatives of agency supervisors is responsible for reporting product insufficiencies or market trends to the Company and providing references for the changes of the products currently sold and the design of new products.
   (2) Evaluating the feasibility of commercialization: Matters including legal norms, product orientation and sales channels, profit analysis, actuarial and reinsurance shall be prudently evaluated in the preliminary idea to determine the feasibility of commercialization of a product.
   (3) Reporting to the Company's internal product review group meeting to discuss and determine the contents of products: The product idea determined shall be submitted to the internal product review group meeting for joint discussion, and then corrected as necessary before the payment content and features of the product, and name of this new insurance product may be determined.
   (4) Studying and drafting contractual clauses and calculation descriptions: The contractual clauses and calculation descriptions shall be drafted and established in accordance with relevant laws and regulations as well as the design content of this product. Then, they shall be signed by qualified signatories specialized in actuarial/underwriting/security/claim settlement/legal affairs/investment to strictly control the product quality.
   (5) Submitting the product for review and the competent authority for approval or reference: The product under approval system may be sold only after being reviewed and approved by the competent authority. The product under reference system shall be submitted to the competent authority for review within fifteen working days after its sale.
   (6) Preparing for sales: Before the launch of a new insurance product, Marketing Department (Bancassurance Department for bancassurance products, Group Insurance Department for group insurance products, or Diversified Marketing Department for e-commerce or telemarketing

products) shall convene a product management group meeting with subject matters as study and discussion of clauses and work coordination of each department.

(7) Preparing for sales (applicable for investment insurance policy-linked overseas structured products): Before an investment insurance policy-linked overseas structured product is sold, the product review group shall be responsible for convening a product review meeting for this product and keeping relevant video recordings in accordance with "Criteria for Review of Overseas Structured Products" established by the Company. After the product passes the review, the issuer or general agent of this overseas structured product shall be notified. If the trustee or the object of sales is not a professional investor, the issuer or general agent shall make an announcement two business days before the sales as stipulated.

(III) Supply of main raw materials: Not applicable.

(IV) Names of customers with sales amount accounting for 10 percent or more of the total purchasing (selling) amount in either of the last two years and their purchasing (selling) amount and ratios:

Since the Company is a life insurance company, the analysis of purchasing vendors does not apply; also, since the Company didn't receive premium income from a single policyholder that accounted for 10% or more of the annual premium income, it is thus not applicable.

(V) Production volume and value in the last two years: Not applicable since the Company is a life insurance company.

(VI) Sales volume and value in the last two years

Unit: NT$ 1,000/ Policy/Person

Type of insurance	2022		2023	
	Number of effective contract policies	Total premium income	Number of effective contract policies	Total premium income
Life insurance	3,372,133	39,035,192	3,331,641	33,403,428
Health insurance	8,611,508	36,554,430	8,615,113	36,341,591
Accident insurance	3,743,865	3,423,317	3,812,103	3,526,506
Annuity insurance	14,051	3,796	8,541	20,949
Universal insurance	20,356	468,741	19,191	444,940
Investment insurance	412,766	2,828,649	444,913	3,023,336
Group insurance	1,724,579	865,990	1,649,882	873,382
Total	17,899,258	83,180,115	17,881,384	77,634,132

Note: For personal insurance, the number of effective contract policies in the table above refers to number of policies, while for group insurance, it refers to number of persons.

III. Profile of Employees in the Last Two Years and as of the Publication Date of the Annual Report

Year		2022	2023	As of February 29, 2024 in current year
Number of employees	Internal staff	1,783	1,818	1,796
	Agency force	9,602	9,000	8,708
	Total	11,385	10,818	10,504
Average age		40.73	42.46	42.69
Average seniority		11.38	13.07	13.29
Education distribution ratio	PhD	0.04%	0.02%	0.01%
	Master	7.63%	7.70%	7.56%
	Junior college	72.26%	73.16%	73.95%
	Senior high school	19.64%	18.74%	18.08%
	Below senior high school	0.43%	0.38%	0.40%

(I) As of December 31, 2023, the licenses held by the employees in each professional field are listed as follows:

1. 4 employees with the qualification of FSA
2. 2 employees with the qualification of Chartered Financial Analyst (CFA)
3. 5 employees with the qualification of Financial Risk Manager (FRM)
4. 6 employees with the qualification of Certified Securities Investment Analyst (CSIA)
5. 1 employee with the qualification of Certified Financial Planner (CFP)
6. 7 employees with the qualification of accountant
7. 8 employees with the qualification of lawyer
8. 1 employee with the qualification of internal auditor
9. 4 employees with the qualification of work safety manager
10. 613 employees with the qualification of a full member of the Life Office Management Association

(II) As of December 31, 2023, the designated licenses acquired by personnel of the Company related to transparency of financial information from the competent authority are listed as follows:

1. 4 employees with the qualification of FSA
2. 2 employees with the qualification of CFA
3. 5 employees with the qualification of FRM
4. 6 employees with the qualification of CSIA
5. 7 employees with the qualification of accountant
6. 1 employee with the qualification of internal auditor

IV. Information on Environmental Protection Expenditure

(I) The Company hasn't suffered from any losses related to the compensation for environmental pollution and penalty imposed.

(II) The Company has established "Supplier Policy" and "Regulations Governing Manufacturer Selection and Management" to treat suppliers fairly and faithfully. In the spirit of "A word of promise, a friend for life", the Company is committed to mutual development and long-term partnerships. The supplier management is intended to achieve the future sustainable development goals from selection, follow-up management and periodic review to cooperation and continual development. Relying on a manufacturer selection mechanism, we have accumulated over 330 qualified manufacturers, 99% of which are local manufacturers. All of these manufacturers have basic experience and operational performance. Through each time of cooperation, we expect that our suppliers can develop and advance with us in addition to the continual quality requirements.

Every year in the past, we continued to evaluate manufacturers who could qualify for long-term partnerships. A total of 16 manufacturers were able to obtain the qualification as long-term cooperative manufacturers this year, and they were our preferred partners. We trust these manufacturers, for they comply with and can help us achieve our direction for sustainable development. These 16 manufacturers have passed our evaluation, including: Whether the manufacturers comply with the Company's manufacturer management specifications in the last year; whether the manufacturers value ESG; whether the manufacturers attach importance to environmental issues, and haven't polluted environment; whether the manufacturers comply with the international standards for human rights, duly perform their obligations to protect workers' interests, and haven't violated labor interests; whether the manufacturers emphasize on corporate governance; whether the manufacturers are compliant companies with transparent information. We may achieve the goal of sustainable development through cooperation with these suppliers. Such evaluation is performed once every year. If a manufacturer does not comply with the conditions, its qualification as a long-term cooperative manufacturer will be cancelled. Then, manufacturers will be selected among eligible manufacturers again in the next year and they may be promoted to long-term cooperative manufacturers again. In this case, they may acquire

opportunities to cooperative with the Company with priority.

We expect that our long-term cooperative manufacturers may shoulder greater responsibilities. As our outsourced cooperative manufacturers, they shall obtain the qualifications of outsourced manufacturers first. Also, we would conduct regular review, even field review, every year to learn about whether the whole operation process of these manufacturers complies with the requirements of outsourcing work, including: Whether the manufacturers provide employees with education and training regarding site work environment and network device security; whether the manufacturers have relevant licenses and conduct process control; whether the manufacturers have signed confidentiality agreements; whether the manufacturers conduct self-review. Also, we are concerned about whether these outsourced manufacturers have required licenses or any negative news. There are a total of 11 outsourced manufacturers that are more willing to create value. In addition to the equal emphasis placed on customers' data security, these manufacturers also have certain information security protection capability, and therefore we expect to acquire more cooperative resources from them.

In the future, we will attach greater importance to suppliers who implement sustainable development, corporate integrity, environmental protection, and corporate management, and they will be deemed as partners with cooperation priorities. We also hope that all suppliers will follow our lead in energy conservation and carbon reduction and work together to care for the Earth.

V. Labor Relations

(I) Welfare, continuing education, training, and retirement system provided by the Company for its employees and the implementation status of these measures, as well as the labor agreements and measures safeguarding employees' rights and interests are presented as follows.

1.The Company has established an Employee Welfare Committee.

2.Employee welfare:

(1) Marriage allowance: The Company subsidizes NT$ 2,600 for each employee who gets married during his/her term of office.

(2) Birth allowance: When an employee or his spouse gives birth during the term of office of this employee, NT$ 1,000 will be subsidized for each child.

(3) Funeral grant: If an employee passes away, a lump-sum funeral grant of NT$ 21,000 will be paid regardless of ranks. If any of an employee's family dependents passes away, NT$ 1,100 only will be subsidized per person. The family dependents mentioned here are limited to blood relatives within the first degree of kinship (superior/inferior) and spouse

(i.e., parents, children, and spouse).

(4) Festival/holiday gifts: Cash or gifts are granted to in-service employees during the Dragon Boat Festival and the Mid-Autumn Festival every year. Besides, the Employee Welfare Committee will provide colleagues with festival/holiday presidents based on the operating condition.

(5) Year-end dinner party: The Company holds a dinner party for employees in the twelfth month of the lunar year and employees can draw lotteries on this occasion, which expresses the Company's gratitude for the employees' hard work.

(6) Subsidies for local and overseas travels: If an employee works for one year at the Company, the Company will grant a travel allowance of NT$ 6,500 for local and overseas travels based on the employee's seniority.

(7) Employee group insurance: In addition to labor insurance and health insurance, the Company also provides employees with group insurance for even more thoughtful protection.

(8) Employees' association activities: The associations self-prepared by the employees and approved by the Company may apply for subsidiaries in consideration of the operating status of the Employee Welfare Committee.

(9) Employees' benefits: NT$ 1,200/person/year.

(10) Senior employees' tenure bonus: The tenure bonus will be paid when formal employees' actual seniority reaches a certain number of years.

3. Continuing education and training:

The status quo of the Company's talent training is as follows:

(1) Internal training

- Induction training for new employees: It is designed for new colleagues. The training contents include company introduction, core values and training, product introduction, etc., in the hope that the new colleagues can adapt to and learn about the Company's systems, culture, and objectives, and quickly blend in the organization and team through systematic training.
- Core functional training: The Company establishes an annual training plan and opens courses to achieve the goal of improving talents' quality in accordance with the Company's core values, inadequacies and future development of employees, as well as working skills needed for each position and responsibilities.
- New supervisor training: The Company organizes training courses for newly promoted supervisors periodically to assist them in learning about the roles and positions of managers as well as management skills.
- Management functional training: The Company provides relevant learning resources regarding the management skills and knowledge

required of supervisors at each level, to assist them in working and managing efficiently and to improve the overall operation management performance of the organization.

- Professional training courses organized per department: Professional training courses are irregularly convened in the departments, or seminars are regularly held based on the status quo of business, etc., to improve colleagues' professional ability.
- Sustainable talent cultivation courses: Courses for introduction of sustainability concept are opened, e.g., SDGS sustainability board role-playing games from which colleagues are able to have a deep understanding of sustainability topics through game-oriented learning. Also, online courses are matched to strengthen the ESG concept and implement sustainable development goals.
- Digital learning courses: The Company also provides "e" training courses which are freed from the restriction of time and space with consistent quality. These courses improve the employees' willingness to learn, and enable employees and supervisors to plan their personal learning plans and career development by systematically mastering their learning progress.
- Regulatory requirements: In response to each regulatory requirement, the Company provides employees with relevant common sense on laws and regulations through internal and external training and online teaching in the hope that the employees can conduct business legally according to regulatory requirements to safeguard the corporate image and win customers' trust when providing professional services and suggestions.

(2) External training:

In consideration of the work demand, employees may apply for or be assigned by the Company to participate in the courses opened by external units involving life insurance or other specialties. The external units mentioned here include management consulting companies, the Life Insurance Association, the Taiwan Insurance Institute, the Taiwan Academy of Banking and Finance, etc.

(3) Overseas studies:

Overseas studies: By offering diversified and ample overseas study courses, meetings, and visits, the Company enables managers and professionals to cultivate their global thinking and enhance their international outlook.

(4) Categories of education and training courses for internal staff in 2023, as well as trained person-times, training hours, and subsidized amount are as follows:

External professional courses

Per functional department	Trained person-times	Total training hours
Administration	55	691.0
Policy services	10	69.3
Financial investment	25	184.0
Business marketing	20	170.3
Information system	30	582.8
Actuarial planning	84	356.0
Audit and regulatory compliance	365	3159.0
Total	589	5212.4

(5) Professional training courses

Category of training course	Trained person-times	Total amount subsidized (Unit: NT$)
Internal training (physical courses + digital courses)	31,824	7,052,738
External training	587	2,339,550
Overseas training	4	127,570
Total	32,415	9,519,858

times of internal staff subsidized for examinations in 2023 and amount subsidized are as follows:

Quantitative indicator		Number of persons subsidized	Amount subsidized (Unit: NT$ 1)
LOMA	Subsidy for registration fee	64	633,443
	Examination bonus	46	342,000
	License allowance	0	0
Life Insurance Management Institute	Subsidy for registration fee	24	14,400
	Examination bonus	20	253,000
	License allowance	0	0
CFA		0	0
FRM		2	44,245
CSIA		0	0
Actuarial		24	971,354
Annual total		180	2,258,442

4. Retirement system and implementation status:

(1) In order to reward the professional services rendered by internal staff and business supervisors and increase living security for them, the Company established “Measures for Retirement and Exist of Internal Staff” for internal staff, and “Measures for Retirement and Exist of Business Supervisors” and “Measures for Retirement from Preferential Settlement Projects” for business supervisors respectively. Employees who have worked for fifteen years and above with age of 55 or above, or have worked for ten years and above with age of 60 or above, or have worked for more than twenty-five years may apply for retirement and pension. Internal staff and business supervisors must implement compulsory retirement at the age of 65. However, if the Company thinks it necessary to continually retain relevant employees according to the needs of organizational development and human resources, the age limitation for compulsory retirement may be extended.

(2) The measures above do not apply to employees who assumed office or were reinstated after July 1, 1995 (including given date). All relevant provisions on resignation or exit shall be handled in accordance with the Labor Pension Act.

(3) The provisions governing the retirement of employees who assumed office prior to June 30, 2005 (including given date) and didn’t choose the application of the Labor Pension Act shall be handled in accordance with the aforesaid measures.

(4) All the provisions governing the resignation or exit of employees who assumed office prior to June 30, 2005 (including given date) and chose the application of the Labor Pension Act shall be handled in accordance with the Labor Pension Act.

(5) Measures for protecting the work environment and personal safety, and their implementation status:

The Company is dedicated to providing employees with a safe and healthy work environment. In addition to the establishment of an occupational safety and health management unit, the allocation of occupational safety and health management personnel, and the drafting, planning, supervision, guidance, and promotion of safety and health management matters, the Company formulates an occupational safety and health management plan every year, and executes relevant safety and health work according to this plan. Besides, the Company has established a code of practice for safety and health and announced it to the colleagues for knowledge and observation. The Company has also established an Occupational Safety and Health Committee which convenes meetings at least once every 3 months. The members of this committee will discuss safety and health

issues of the Company, and evaluate whether there are items for improvement, as well as improvement methods and results, for the purpose of creating a safe and sanitary workplace and bettering employees' performance.

Workplace safety is managed on a walk-through basis. The workplaces are patrolled every quarter to inspect and record whether there are conditions requiring improvement; also, problems reported by colleagues including lamp failures or insufficient air-conditioning are received flexibly. The department in charge of general affairs will fix the problems in time, or engage relevant manufacturers to overhaul relevant facilities in a real-time way. To sum up, the Company dedicates to providing colleagues with safe workplaces.

The Company hires nursing staff and on-site physicians who are specialized in providing worker health services to provide employees with health guidance and promotion services. Colleagues evaluated and confirmed with medium and high risks will be tracked and listed as targets of care or improvement one by one. Also, employee health checkups are provided every year, and classified based on the results of health checkups. Also, health guidance, promotion, and other relevant services are provided for the employees.

The implementation results of Employee Assistance Program (EAP) are provided additionally: In the first stage of 2023, telephone consulting was used by 42 person-times, accounting for a ratio of approximately 2.3%; in the second stage, interview consulting was used by 35 person-times, accounting for a ratio fo approximately 1.92%. A total amount of NT$ 302,800 was invested; also, safety and health related information is advocated periodically to strengthen employees' knowledge on employees' safety and health. Moreover, specialist physicians or external professional lecturers are invited to provide symposiums as needed.

The Company engaged in occupational health and safety related business in 2023, including replacement of firefighting equipment, EAP, health education and training, etc., at a price of approximately NT$ 1,020,000.

Details of expenses spent in occupational health and safety related business

Item	Expense
Replacement of firefighting equipment, etc.	NT$599,086
EAP	NT$302,800
Education and training	NT$125,192
Total	NT$1,027,078

5. Labor agreements:

Group agreement:

The Company has already established a trade union. However, as of the end of 2023, the trade union did not raise a requirement for group negotiation to the Company, nor sign a group agreement.

(II) Losses arising from labor disputes in the most recent fiscal year and as of the publication date of the annual report, and disclosure of the potential estimated amount and responsive measures to date and in the future:

1. Losses suffered from labor disputes in the most recent fiscal year

Unit: NT$1,000

	2022	2023	As of February 29, 2024
(1) Number of labor disputes (PCS)	8	17	9
(2) Loss amount already incurred	0	10	30
(3) Estimated loss amount in the future	2,977	3,731	2,233
(4) The Company's responsive measures	Three cases closed, and five cases being responded to	Eight cases closed, and nine cases being responded to	Two cases closed, and seven cases being responded to

2. The Company's violations of the Labor Standards Act due to labor inspection

Date of punishment	Punishment document number	Regulatory provision(s) violated	Regulatory content violated	Content of punishment	Labor inspection unit
July 15, 2022	Fu-Shou-Lao-Tung-Tzu No. 1110185165	Article 22, Paragraph 2 of the Labor Standards Act	The wages should be directly paid to workers in full amount, unless otherwise stipulated in laws and regulations, or agreed upon by the workers and employers.	A fine of NT$ 20,000	Labor Affairs Bureau of Taichung City Government
September 8, 2022	Nan-Shih-Lao-An-Tzu No. 1111151692	Article 22, Paragraph 2 of the Labor Standards Act	The wages should be directly paid to workers in full amount, unless otherwise stipulated in laws and regulations, or agreed upon by the workers and employers.	A fine of NT$ 50,000	Labor Affairs Bureau of Tainan City Government
October 27, 2022	Kao-Shih-Lao-Tiao-Tzu No. 11138002900	Article 22, Paragraph 2 of the Labor Standards Act	The wages should be directly paid to workers in full amount, unless otherwise stipulated in laws and regulations, or	A fine of NT$ 50,000	Labor Affairs Bureau of Kaohsiung City Government

Date of punishment	Punishment document number	Regulatory provision(s) violated	Regulatory content violated	Content of punishment	Labor inspection unit
			agreed upon by the workers and employers.		
December 9, 2022	Fu-Shou-Lao-Tung- Tzu No. 1110331492	Article 27 of the Labor Standards Act	Workers' wages were not paid within a time limit stipulated by the government.	A fine of NT$ 20,000	Labor Affairs Bureau of Taichung City Government
January 10, 2023	Nan-Shih-Lao-An-Tzu No. 1120065898	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 100,000	Labor Affairs Bureau of Tainan City Government
March 28, 2023	Fu-Lao-Chien-Tzu 1120069764	Article 32, Paragraph 1 of the Labor Standards Act	The extension of working hours was not approved by the labor-management meeting.	A fine of NT$ 50,000	Labor Inspection Division of Taoyuan City Government
May 2, 2023	Fu-Shou-Lao-Tung- Tzu No. 1120115095	Article 27 of the Labor Standards Act	Workers' wages were not paid within a time limit stipulated by the government.	A fine of NT$ 30,000	Labor Affairs Bureau of Taichung City Government
May 26, 2023	Kao-Shih-Lao-Tiao-Tzu No. 11234278900	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 50,000	Labor Affairs Bureau of Kaohsiung City Government
July 7, 2023	Fu-Shou-Lao-Tung- Tzu No. 1120189261	Article 27 of the Labor Standards Act	Workers' wages were not paid within a time limit stipulated by the government.	A fine of NT$ 40,000	Labor Affairs Bureau of Taichung City Government
July 20, 2023	Nan-Shih-Lao-An-Tzu No. 1120851836	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 150,000	Labor Affairs Bureau of Tainan City Government
October 20, 2023	Fu-Shou-Lao-Tung- Tzu No. 11260348621	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 20,000	Department of Labor, Taipei City Government
October 27, 2023	Kao-Shih-Lao-Tiao-Tzu No. 11238396500	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 80,000	Labor Affairs Bureau of Kaohsiung City Government
December 1, 2023	Nan-Shih-Lao-An-Tzu No. 1121539279	Article 22, Paragraph 2 of the Labor Standards Act	Workers' wages were not paid directly in full amount.	A fine of NT$ 200,000	Labor Affairs Bureau of Tainan City Government
December 11, 2023	Fu-Shou-Lao-Tung- Tzu No. 1120362210	Article 27 of the Labor Standards Act	Workers' wages were not paid within a time limit stipulated by the government.	A fine of NT$ 50,000	Labor Affairs Bureau of Taichung City Government

VI. Cyber Security Management

(I) Cyber Security Risk Management Framework:

The Company has appointed a Chief Information Security Officer to take charge of promoting information security policies and allocating relevant resources. Also, dedicated information security unit and supervisor have been assigned to plan, monitor, and execute information security management operations. The Chairman, President, Chief Auditor, Supervisor of Regulatory Compliance Office, and Chief Information Security Officer will jointly issue a statement of internal control system regarding the overall implementation status of the information security of the previous year and submit it to the Board of Directors for approval every year.

(II) Cyber Security Policy:

The Company has established an information security policy, and an information security organizational structure which is divided into three Levels according to functions, namely, "Information Security Decision-making", "Information Security Governance and Management", and "Information Security Implementation". Also, relevant work responsibilities and principles of division of authority have been clearly established.

1. Level 1: Information Security Decision-making
   (1) Information security decision-making group: The group members include President, head of Information Security Department, and officers of various systems.
   (2) Main work responsibilities:
   – Review and examination of promotion direction and strategies of information security and personal information
   – Review and examination of information security and personal information policies and systems
   – Resolutions on major information security and personal information incidents and issues
   – Information security and personal information implementation plans and verification and approval of results
2. Level 2: Information Security Governance and Management
   (1) Information Security Department
   (2) Main work responsibilities:
   – Establishment and promotion of information security and personal information strategies
   – Provision of suggestions on information security and personal information policies
   – Drafting of measures to respond to major information security and personal information incidents and issues
   – Management of information security and personal security implementation plans and results

– Planning, monitoring, and execution of information security and personal information management work

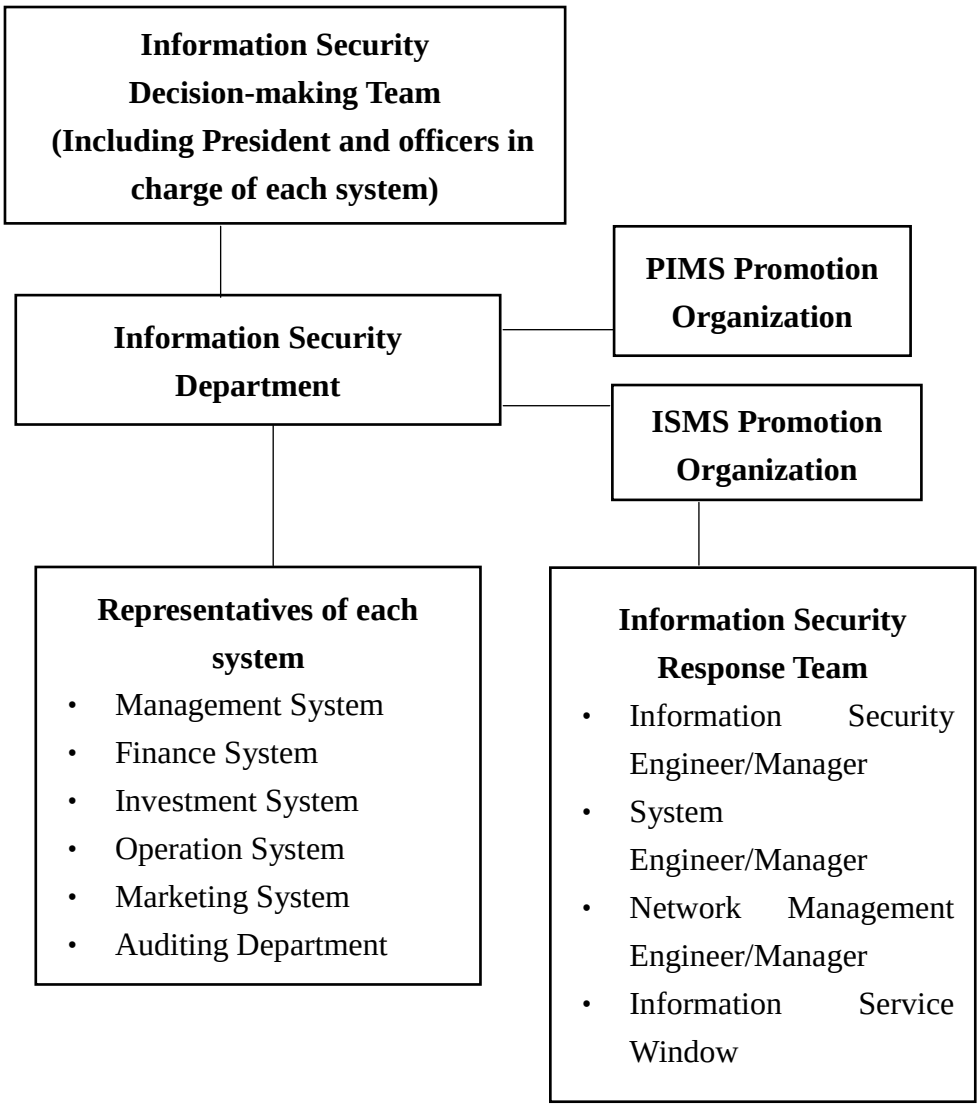
– Implementation of information security and personal information work

3. Level 3: Information Security Implementation

(1) Information security management team: The team members comprise representatives recommended and assigned by each system.

(2) Main work responsibilities: Take charge of promoting and communicating information security and personal information regulations and policies.

The information security organizational structure is shown in the diagram below:



(III) Specific management plan:

The Company entrusts external impartial institutions with the implementation of the following certification and testing work, the establishment of relevant information security protection mechanism, and the periodical information security practices every year, to strengthen information security management and lower information security risks:

1. Complete the information security evaluation work of computer system, and obtain relevant information security evaluation report as the basis for subsequent improvement.
2. Ensure that the Company's mobile device application program (APP) passes the safety testing, and obtain relevant inspection certificate.
3. Pass the reexamination of whole-system certification of ISMS Information Security Management System (ISO27001-2013) with the certificate continually valid (Period of validity from March 25, 2023 to October 31, 2025).
4. Pass the verification of PIMS Personal Information Management Systems

(BS 10012-2017). The scope of verification covers the whole company (including head office, branch companies, service centers, regional divisions, and agency offices) (effective period: September 19, 2021-September 18, 2024); also, privacy policy and personal information notifications are released on the official website.

5. Information security protection:

(1) Revise the standard operating procedure for vulnerability scanning, guidelines for information security control, information security management policy, statement of applicability, computer system information security evaluation plan, regulations governing the safety control of biometric data, regulations governing IoT equipment, regulations governing personal data file checking and risk evaluation, highlights of information security control of mobile application program (APP), regulations governing the protection against leakage of personal information, etc. in response to the changes of external documents as well as related laws and regulations, thus complying with the regulatory requirements, and lower the information security threats and risks.

(2) Continually implement an outgoing mail control mechanism and mail protection, provide monitoring services over phishing websites that pretend to be official website, enlarge endpoint protection software, strengthen system log analysis and warning, add a USB personal data protection and post-tracking and control mechanism, enlarge email storage system, upgrade the firewall management system, replace the online data leakage protection system, etc., spot abnormal behaviors regarding network security, master information security risks in a real-time way, and respond at an early stage, with the objective to lower the probability of information security incidents as well as information security risks.

6. Conduct periodical drills, education and training, e.g., email social engineering drills, information security incident response drills, personal information leakage drills, DDoS attack drills, vulnerability scanning, penetration tests, disaster recovery drills, information security education and training, etc.

(IV) Resources allocated in the cybersecurity management:

Resources allocated	2023	2022	2021
Information security budgeting	NT$ 48.06 million	NT$ 42.1 million	NT$ 50.3 million

Dedicated manpower allocation for information security	Chief Information Officer/dedicated supervisor: 1 Dedicated personnel: 11	Chief Information Officer/dedicated supervisor: 1 Dedicated personnel: 11	Chief Information Officer/dedicated supervisor: 1 Dedicated personnel: 10

(V) Losses suffered in the most recent fiscal year due to significant information security incidents, possible impact therefrom, and responsive measures:

	As of February 29, 2024	2023	2022	2021
(1) Information security incidents	0	0	0	0
(2) Loss amount already incurred	NT$ 0	NT$ 0	NT$ 0	NT$ 0
(3) Estimated loss amount in the future	NT$ 0	NT$ 0	NT$ 0	NT$ 0
(4) The Company's responsive measures	Although no information security incident occurred, the Company still continually strengthened its information protection: Strengthen information security early-warning incident processing, strengthen endpoint protection, mail protection, and system log analysis and warning, and continually execute monitoring services over phishing websites that pretend to be official website with the objective to lower the probability of information security incidents as	Although no information security incident occurred, the Company still continually strengthened its information protection: Introduce outsourced information security incident early-warning processing services, strengthen endpoint protection, mail protection, and system log analysis and warning, and continually execute monitoring services over phishing websites that pretend to be official website	Although no information security incident occurred, the Company still continually strengthened its information protection: Introduce outsourced information security incident early-warning processing services, strengthen endpoint protection, mail protection, and system log analysis and warning, and continually execute monitoring	Although no information security incident occurred, the Company still continually strengthened its information protection: Introduce outsourced information security incident early-warning processing services, strengthen endpoint protection, mail protection, and system log analysis and warning, and continually execute monitoring

	well as information security risks.	with the objective to lower the probability of information security incidents as well as information security risks.	services over phishing websites that pretend to be official website with the objective to lower the probability of information security incidents as well as information security risks.	services over phishing websites that pretend to be official website with the objective to lower the probability of information security incidents as well as information security risks.

VII. Material Contracts

Nature of contract	Party concerned	Period of validity	Main content	Restrictive clause
Reinsurance contracts	Central Reinsurance Corporation	July 26, 1993~Natural termination	Reinsurance of life insurance, accident insurance, health insurance, travel accident insurance and catastrophe	None
	General Reinsurance AG	August 6, 1993~Natural termination	Reinsurance of life insurance, accident insurance, health insurance, group insurance, travel accident insurance and catastrophe	None
	Swiss Reinsurance Company	August 6, 1993~Natural termination	Reinsurance of life insurance	None
	Reinsurance Group of America	January 1, 1999~Natural termination	Reinsurance of life insurance, accident insurance and health insurance	None
	Gibraltar Life Insurance	January 1, 1999~Natural termination	Reinsurance of life insurance and accident insurance	None
	Munich Reinsurance Company	August 17, 1993~Natural termination	Reinsurance of life insurance	None
	SCOR Re	January 1, 1996~Natural termination	Reinsurance of life insurance, accident insurance and health insurance	None
	Allianz SE	January 1, 2004~Natural termination	Reinsurance of group insurance	None
	Caisse Centrale De Reassurance	November 6, 2015~Natural	Reinsurance of health insurance	None

		termination		
	CCR RE	January 1, 2017~Natural termination	Reinsurance of accident insurance, health insurance and catastrophe	None

VI. Financial Information

I. Condensed Balance Sheets and Comprehensive Income Statements in the Last Five Years

(I) Condensed balance sheet

1. 2019-2023

Unit: NT$ 1,000

Item \ Year		Financial information in the last five years (Note 1)(Note 2)					
		2019	2020	2021	2022	2023	Financial information as of February 29, 2024 in current year (Note 3)
Cash and cash equivalents		94,480,586	146,181,928	97,184,301	47,827,361	61,359,378	-
Accounts receivables		9,715,726	9,142,186	13,006,272	9,920,626	11,124,019	-
Assets classified as held for sale		-	-	-	-	-	-
Financial assets and loans		1,038,514,135	1,045,562,341	1,126,497,029	1,217,324,214	1,222,858,361	-
Reinsurance contract assets		986,230	861,360	1,629,869	2,204,688	2,550,530	-
Property and equipment		8,442,542	8,418,496	11,785,486	10,772,359	10,714,230	-
Intangible assets		109,047	116,219	103,889	172,861	174,332	-
Other assets		110,307,055	128,554,710	150,360,551	170,011,084	213,023,027	-
Total assets		1,262,555,321	1,338,837,240	1,400,567,397	1,458,233,193	1,521,803,877	-
Accounts payable		6,478,549	6,724,569	6,681,926	4,882,678	6,873,520	-
Liabilities related to assets classified as held for sale		-	-	-	-	-	-
Financial liabilities		7,936,292	9,739,421	8,866,584	12,064,320	8,905,097	-
Insurance liabilities and reserve for insurance with nature of financial instrument		1,101,570,789	1,159,232,001	1,203,127,708	1,251,677,922	1,270,237,501	-
Provisions for liabilities		1,354,768	1,207,773	878,984	737,091	592,450	-
Other liabilities		102,589,173	119,821,687	139,573,805	160,022,930	195,254,342	-
Total liabilities	Before distribution	1,219,929,571	1,296,725,451	1,359,129,007	1,429,384,941	1,481,862,910	-
	After distribution	1,219,929,571	1,296,725,451	1,359,129,007	1,429,384,941	註4	-
Share capital		23,719,715	25,019,715	26,695,011	40,995,011	50,995,011	-
Capital surplus		1,877,414	1,586,316	911,648	349,659	34,474	-
Retained earnings	Before distribution	20,375,894	21,674,949	22,891,779	4,323,501	(9,916,874)	-
	After distribution	20,375,894	21,674,949	22,891,779	4,323,501	註4	-
Other equity		(3,347,273)	(6,169,191)	(9,060,048)	(16,819,919)	(1,171,644)	-
Total equity	Before distribution	42,625,750	42,111,789	41,438,390	28,848,252	39,940,967	-
	After distribution	42,625,750	42,111,789	41,438,390	28,848,252	註4	-

Note 1: The condensed balance sheet of 2023 was prepared in accordance with the Regulations Governing the Preparation

of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11304900901 Order; the condensed balance sheet of 2022 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11104953451 Order; the condensed balance sheet of 2021 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11104904971 Order; the condensed balance sheet of 2020 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 10904947571 Order; the condensed balance sheet of 2019 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 10904902551 Order.

Note 2: The Company began to adopt a fair value model for the subsequent measurement of investment property on January 1, 2020, and retroactively restated its financial reports of 2019.

Note 3: As of the publication date of the annual report, the financial information of 2024 hasn't been audited, certified, or reviewed by CPAs.

Note 4: As of the publication date of the annual report, the Company hasn't convened the regular Shareholders' Meeting yet.

(II) Condensed comprehensive income statement

1. Condensed comprehensive income statement-2019-2023

Unit: NT$ 1,000

Year / Item	Financial information in the last five years (Note 1) (Note 2)					Financial information as of February 29, 2024 in current year (Note 4)
	2019	2020	2021	2022	2023	
Operating revenue	179,022,429	157,231,964	143,138,547	109,647,090	123,272,756	—
Operating cost	169,411,922	151,057,815	139,747,231	120,246,701	131,497,183	—
Operating expense	4,807,540	4,611,774	4,577,089	4,744,023	4,787,302	—
Non-operating income and expense	131,223	177,936	139,936	285,958	75,744	—
Profit (loss) before tax	4,934,190	1,740,311	(1,045,837)	(15,057,676)	(12,935,985)	—
Profit (loss) after tax	5,011,512	1,444,538	1,090,798	(13,658,802)	(9,515,989)	—
Other comprehensive income	8,685,008	(2,967,401)	(2,764,825)	(7,798,567)	15,557,220	—
Earnings per share (NT$) (Note 3)	2.08	0.60	0.42	(4.34)	(2.11)	—

Note 1: The condensed comprehensive income statement of 2023 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11304900901 Order; the condensed comprehensive income statement of 2022 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11104953451 Order; the condensed comprehensive income statement of 2021 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 11104904971 Order; the condensed comprehensive income statement of 2020 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 10904947571 Order; the condensed comprehensive income statement of 2019 was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises issued in Chin-Kuan-Pao-Tsai-Tzu No. 10904902551 Order.

Note 2: The Company began to adopt a fair value model for the subsequent measurement of investment property on January 1, 2020, and retroactively restated its financial reports of 2019.

Note 3: The earnings per share of previous years were retroactively adjusted due to the use of capital surplus for capital increase in 2021.

Note 4: As of the publication date of the annual report, the financial information of 2024 hasn't been audited, certified, or reviewed by CPAs.

(III) Names of CPAs in the last five years and their verification opinions

Year	Name of accounting firm	CPAs	Verification opinion
2019	KPMG	Chou, Pao-Lien, Hsieh, Chiu-Hua	Unqualified opinion
2020	KPMG	Chou, Pao-Lien, Hsieh, Chiu-Hua	Unqualified opinion
2021	KPMG	Chou, Pao-Lien, Hsieh, Chiu-Hua	Unqualified opinion
2022	KPMG	Chou, Pao-Lien, Hsieh, Chiu-Hua	Unqualified opinion
2023	KPMG	Chen, Chun-Kuang, Hsieh, Chiu-Hua	Unqualified opinion

Note: Due to the internal job adjustment of the accounting firm, the former CPAs were replaced with Chen, Chun-Kuang and Hsieh, Chiu-Hua since the first quarter of 2023.

II. Financial Analysis for the Last Five Years

(I) 2019-2023

Unit: %

Analysis item \ Year		Financial analysis for the last five years (Note 1)					As of February 29, 2024 in current year (Note 3)
		2019	2020	2021	2022	2023	
Financial structure	Debt ratio	96.62	96.85	97.04	98.02	97.38	—
	All insurance liabilities to assets ratio	87.35	86.60	85.93	86.34	83.68	—
	Rate of change in insurance liabilities	7.31	5.14	3.80	4.61	1.15	—
	Net increase in insurance liabilities to premium income	61.31	51.68	45.45	66.75	18.61	—
	The net worth ratio	3.66	3.44	3.28	2.19	2.97	—
Solvency	Investment from related parties to equity	6.81	7.10	7.39	17.99	9.32	—
	First-year premium ratio	95.06	68.78	47.78	101.30	100.08	—
	Renewal premium ratio	95.05	91.95	92.10	85.08	92.95	—
Operation performance	Acquisition expense ratio	21.40	21.34	14.93	16.15	15.60	—
	Rate of change in premium income	(4.95)	(10.56)	(11.58)	(14.19)	(6.67)	—
	Rate of change in equity	47.37	(1.21)	(1.60)	(30.38)	38.45	—
	Rate of change in net profit	1,704.13	(71.18)	(24.49)	(1,352.18)	30.33	—

	Fund utilization ratio	98.65	99.03	98.57	98.58	97.24	—
	Persistency rate (13 months)	94.74	95.12	97.03	95.43	96.20	—
	Persistency rate (25 months)	93.21	91.57	92.44	94.49	92.92	—
Profitability	Return on asset	0.44	0.13	0.10	(0.94)	(0.62)	—
	Return on equity	14.01	3.41	2.61	(38.87)	(27.67)	—
	Return on fund utilization	3.64	3.32	3.08	2.12	2.37	—
	Return on investment	3.32	2.99	2.74	1.88	2.08	—
	Operating income to operating revenue	2.68	0.99	(0.83)	(13.99)	(10.56)	—
	Profit before tax to total revenue	2.75	1.11	(0.73)	(13.69)	(10.48)	—
	Net margin	2.80	0.92	0.76	(12.46)	(7.72)	—
	Earnings per share (NT$)	2.08	0.60	0.42	(4.34)	(2.11)	—
	Investment property and loan secured by real estate to assets	4.46	4.09	3.84	3.19	2.91	—
Cash flow	Cash flow ratio	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	—
	Cash flow adequacy ratio	15524.46	28532.40	7964.30	3984.35%	2685.11%	—
	Cash reinvestment ratio	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	—
Leverage	Operating leverage	1.43	2.36	(0.84)	0.85	0.83	—
	Financial leverage	1.07	1.24	0.79	0.98	0.97	—

Please describe the reasons for the changes in each financial ratio in the last two years (Financial ratios with change (increase/decrease) less than 20% may not be analyzed):

1. The decrease in rate of change in insurance liabilities was due to the decrease of liability reserve and reserves for fluctuation of foreign exchange for 2023.
2. The decrease in net increase in insurance liabilities to premium income was due to the decrease of policy reserve and reserves for fluctuation of foreign exchange for 2023.
3. The increase in the net worth ratio was due to the increase in stockholders' equity.
4. The decrease in investment from related parties to equity was due to the decrease in investments under equity method.
5. The increase in first-year premium ratio was due to the adjustment in marketing structure of insurance products.
6. The increase in rate of change in equity was due to the increase in stockholders' equity.
7. The changes in the rate of change in net profit, return on assets, return on equity, operating income to operating revenue, net margin, and earnings per share were due to the decrease in loss after tax in the current period.
8. The decrease in profit before tax to total revenue was due to the decrease in loss before tax in the current period.

Note 1: The Company began to adopt a fair value model for the subsequent measurement of investment property on January 1, 2020, and retroactively restated its financial reports of 2019.

Note 2: Since the Company is an insurance company, the balance sheet prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" applicable since 2011 does not differential current or non-current assets/liabilities. Therefore, the cash flow ratio and cash reinvestment ratio were no longer analyzed since 2012.

Note 3: As of the publication date of the annual report, the financial information of 2024 hasn't been audited, certified, or reviewed by CPAs.

Note 4: The calculation formulas of each financial analysis item are as follows:

1. Financial structure
   (1) Debt Ratio = Total liabilities/Total assets
   (2) All insurance liabilities to assets ratio = All insurance liabilities/Total assets
   (3) Change ratio of all insurance liabilities = (Closing balance of all insurance liabilities － Opening balance of all insurance liabilities) /Opening balance of all insurance liabilities
   (4) Ratio of net increase of all insurance liabilities to premiums = Net increase of all insurance liabilities/ Premiums
   (5) The net worth ratio = Total equity/Total assets excluding the separate accounts product assets
2. Solvency
   (1) Ratio of investment in related enterprises to equity = Investment in related enterprises/ Total equity
   (2) First year premium ratio= Current first year premiums/First year premiums in the prior period
   (3) Renewal premium ratio = Current renewal premiums/Renewal premiums in the prior period
3. Operating performance
   (1) New business expense ratio= New business expenses/New business premiums
   (2) Change ratio of premiums= (Premiums accumulated for current period －
   (3) Premiums accumulated for prior period) /premiums accumulated for prior period
   (4) Change ratio of equity= (Equity for current period-equity for prior period) /The absolute value of equity for prior period
   (5) Change ratio of net income = (Net income for current period- Net income for prior period)/The absolute value of net income for prior period
   (6) Funds allocation ratio= Total amount of funds allocation / (All insurance liabilities + Total equity)
   (7) Persistency ratio (13-month, 25-month) = PRy = BFx + y/ NB'x×100%
   [PRy: Persistency ratio of valid contract incurred at X issue month and have persisted for Y month;
   NB'x: NBx-(The policy termination, death and totally disabled incurred between X issue month and Y period); NBx: New contracts issued at X month (except for the policy termination)
   BFx+y:(1). It is [NBx - (The policy termination and suspension incurred between X issue month and Y period) + The policy restatement incurred between X issue month and Y period] when calculates the Persistency ratio by the policy amount.
   (2). It is [NBx - (The policy termination, suspension and change incurred between X issue month and Y period) + The policy restatement and change incurred between X issue month and Y period] when calculates the Persistency ratio by basic amount of insurance and annual premium.
4. Profitability
   (1) Ratio or return on total assets= [Net income + Interest expense*(1-tax rate)]/Average total assets
   (2) Ratio or return on shareholder's equity= Net income/Average net shareholder's equity
   (3) Ratio of net income from the fund allocation= (Current net investment income + Disposal of equity instruments at fair value through other comprehensive income) / [(Opening utilizable funds + Closing utilizable funds - Current net investment income - Disposal of equity instruments at fair value through other comprehensive income)/2]
   (4) Ratio of return on Investment= 2× (Net investment income + Disposal of equity instruments at fair value through other comprehensive income) / (Opening total assets + Closing total assets - Net investment income - Disposal of equity instruments at fair value through other comprehensive income)
   (5) Operating income to operating revenue ratio= Operating income/ Operating revenue
   (6) Ratio of before-tax net income to total revenue = Before-tax net income/ (Operating revenue + Non-operating revenue)
   (7) Profit ratio= Net income/Operating revenue
   (8) Earnings per share= Net income/Weighted average stock shares issued
   (9) Ratio of investment real property and loans extended by mortgage on property to assets = Real property investment and loans extended by mortgage on real property/Average total assets
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
   (2) Cash flow adequacy ratio = Net cash flows from operating activities in the last five years/(Capital expenditure + Inventory increase + Cash dividends)
   (3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends)/(Gross of property, plant and equipment + Long-term investments + Other non-current assets + Working capital)
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable operating cost and expenses/Operating income
   (2) Financial leverage = Operating income/(Operating income - Interest expense)

III. Audit Committee's Review Report for the Financial Reports in the Most Fiscal Year

Mercuries Life Insurance Co., Ltd.

Audit Committee's Review Report

The Board of Directors prepared and submitted the financial statements for the year 2023. After being audited and certified by CPAs Chen, Chun-Kuang and Hsieh, Chiu-Hua from KPMG, these financial statements were submitted to the Audit Committee together with the business report and loss compensation statement, and were found to be true and correct. The Audit Committee hereby issues this Report for verification in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Members of the Audit Committee

Independent director Henry Yang _____ (signature and seal)

Independent director Kuo, Wei-Yu _____ (signature and seal)

Independent director Tu, Te-Cheng _____ (signature and seal)

Independent director Liou, Han-Tzong _____ (signature and seal)

March 14, 2024

IV. Financial Reports in the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of Mercuries Life Insurance Company Ltd.:

Opinion

We have audited the financial statements of Mercuries Life Insurance Company Ltd.(“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

As stated in note 12(c), the Company has changed the business model for managing financial assets on January 1, 2023 based on the resolution approved during the board meeting held on December 6, 2022. Our audit opinion is not modified with respect to the emphasis of matter.

Other Matter

We did not audit the financial statements of Fuh Hwa Securities Investment Trust Co., Ltd. and Horizon Securities Co., Ltd., which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Fuh Hwa Securities Investment Trust Co., Ltd. and Horizon Securities Co., Ltd., is based solely on the report of other auditors. The investments in Fuh Hwa Securities Investment Trust Co., Ltd. and Horizon Securities Co., Ltd. accounted for using the equity method constituting 0.01% and 0.11% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit or loss of associates and joint ventures accounted for using the equity method constituting (0.39)% and (1.69)% of total loss before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. The completeness and accuracy of the recognition of insurance reserves

   Please refer to Note 4(p) for the policy of the completeness and accuracy of recording insurance reserves, Note 5(b) for the assessment of insurance reserves of accounting assumptions and estimation uncertainty, Note 6(o) and Note 6(ab) for insurance reserves details, change and adjustment, and disclosure of insurance contract.

   How the matter was addressed in our audit:

   Various insurance reserves were provided by actuaries in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves" based on their professional judgment and experience. The insurance reserves were estimated for different types of insurance, and thus, the provision process of these reserves had a high degree of complexity. Liability reserves involved significant judgment from management due to uncertainty of estimation. In addition, to ensure the adequacy of the recognition of insurance liabilities, significant judgment to the final total settlement value of each insurance claims is required. The Company shall assess the adequacy of the recognition of liabilities through estimating future cash flow for insurance contracts based on current information. If there is any shortfall in the current carrying amount of the insurance liability, the shortfall shall be recognized as liability adequacy reserve. Therefore, the recognition of insurance reserve was determined to be a matter of high concern in our audit.

   Our principal audit procedures included:

   Testing the effectiveness of the design and implementation of internal controls on the financial reporting process related to insurance reserves, inclusive of the control on the completeness and accuracy of the policy information; performing the analysis on movements and recognition of insurance reserves and checking whether the related information and carrying amount of the worksheet were accurate; sampling unearned premium reserves, liability reserves, claim reserves, premium deficiency reserves, special reserves and liabilities adequacy reserve to assess the accuracy of the premium and claim information, as well as inspecting the provision methodology, and examining whether the provision and hypothesis are in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves". In addition, we also assessed the appropriateness of the disclosure that are related to insurance reserves.

2. Valuation of investment assets

   Please refer to Note 4(f) for the related accounting policy of valuation of investment, Note 5(a) for the accounting assumptions, judgments and estimation uncertainty of investment assets valuation, Note 6(c) for the detail of investment assets valuation, and Note 6(z)(aa) for valuation details and risk management of financial assets valuation.

   How the matter was addressed in our audit:

   Fair value measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income for debt instrument without an active market was determined by observable input parameters obtained either directly or indirectly in inactive markets. The fair value was estimated on the basis of the results of various valuation techniques, which involved professional judgment of the Company's management.

Our principal audit procedures included:

Our key audit procedures included performing an assessment over the investment cycle of its initial recognition, subsequent measurements and their disclosures; inspecting the accounting policies related to fair value measurements and disclosures of financial instruments of the Company; obtaining statements for financial assets, understanding the acquisition methods used for fair value of each category, evaluating whether the fair value hierarchy is appropriate, and checking the fair value of the statements with the fair value of the financial assets according to the relevant information obtained from external sources.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Enterprise Engaging in Insurance and with the IFRSs, IASs, IFRC, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 Chen, Chun-Kuang and Hsieh, Chiu-Hua.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

(English Translation of Financial Statements Originally Issued in Chinese)

MERCURIES LIFE INSURANCE COMPANY LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
11000	Cash and cash equivalents (note 6(a))	$ 61,359,378	4	47,827,361	3
12000	Accounts receivables (note 6(b))	11,124,019	1	9,920,626	1
12600	Current income tax assets	1,021,915	-	727,255	-
14110	Financial assets at fair value through profit or loss (notes 6(c) and 7)	115,637,806	8	79,014,992	5
14190	Financial assets at fair value through other comprehensive income (notes 6(c) and 7)	3,307,427	-	44,175,492	3
14145	Financial assets at amortized cost (notes 6(c) and 8)	1,013,469,832	67	1,000,833,858	69
14150	Investments under equity method, net (notes 6(d) and 7)	3,723,204	-	5,189,087	-
14200	Investment property (note 6(e))	18,823,614	1	18,854,567	1
14300	Loans (notes 6(f) and 7)	67,896,478	4	69,256,218	5
15000	Reinsurance contract assets (note 6(g))	2,550,530	-	2,204,688	-
16000	Property and equipment (notes 6(h) and 7)	10,714,230	1	10,772,359	1
16700	Right-of-use assets (notes 6(i) and 7)	342,486	-	172,917	-
17000	Intangible assets (note 7)	174,332	-	172,861	-
17800	Deferred tax assets (note 6(w))	20,535,187	1	15,777,331	1
18000	Other assets (notes 6(c), (j), 7 and 8)	14,115,879	1	10,331,685	1
18900	Separate account assets for unit-linked products (note 6(k))	177,007,560	12	143,001,896	10
	Total assets	**$ 1,521,803,877**	**100**	**1,458,233,193**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Liabilities:				
21000	Accounts payable (notes 6(l) and 7)	$ 6,873,520	-	4,882,678	-
23200	Financial liabilities at fair value through profit or loss (note 6(c))	62,114	-	3,389,686	-
23500	Bonds payable (notes 6(m) and 7)	8,500,000	1	8,500,000	1
23800	Lease liabilities (notes 6(n) and 7)	342,983	-	174,634	-
24000	Insurance liabilities (note 6(o))	1,270,237,501	83	1,251,677,922	86
24900	Reserves for fluctuation of foreign exchange (note 6(q))	3,269,656	-	7,380,760	1
27000	Provisions (note 6(s))	592,450	-	737,091	-
28000	Deferred income tax liabilities (note 6(w))	9,357,670	1	7,037,265	-
25000	Other liabilities (notes 6(r) and 7)	5,619,456	-	2,603,009	-
26000	Separate account liabilities for unit-linked products (note 6(k))	177,007,560	12	143,001,896	10
	Total liabilities	1,481,862,910	97	1,429,384,941	98
	Equity:				
31100	Common stock (note 6(x))	50,995,011	3	40,995,011	3
32000	Capital surplus (note 6(x))	34,474	-	349,659	-
	Retained earnings: (note 6(x))				
33100	Legal reserve	215,038	-	215,038	-
33200	Special earnings reserve	24,668,396	2	24,048,308	1
33300	Accumulated deficit	(34,800,308)	(2)	(19,939,845)	(1)
		(9,916,874)	-	4,323,501	-
34000	Other equity (note 6(x))	(1,171,644)	-	(16,819,919)	(1)
	Total equity	39,940,967	3	28,848,252	2
	Total liabilities and equity	**$ 1,521,803,877**	**100**	**1,458,233,193**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MERCURIES LIFE INSURANCE COMPANY LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022		Change
		Amount	%	Amount	%	%
	Operating revenue:					
41110	Direct premiums written (notes 6(t) and 7)	$ 77,634,133	63	83,180,115	76	(7)
51100	Less: Reinsurance expense (note 6(t))	3,315,048	3	3,023,915	3	10
51310	Unearned premium reserve movement (notes 6(o) and (t))	326,034	-	288,810	-	13
	Retained earned premium (note 6(t))	73,993,051	60	79,867,390	73	(7)
41300	Commission on reinsurance ceded	98,394	-	44,631	-	120
41400	Fee income (notes 6(k) and 7)	2,968,302	2	2,564,506	2	16
	Investment gain (loss), net					
41510	Interest income (note 7)	36,674,379	30	34,794,244	32	5
41521	Loss on financial assets (liabilities) measured at fair value through profit or loss (note 6(c))	(946,716)	(1)	(67,822,759)	(62)	99
41526	Net gain arising from derecognition of financial assets measured at amortized cost (note 6(c))	(322,931)	-	2,026,181	2	(116)
41527	Realized loss on financial assets measured at fair value through other comprehensive income (note 6(c))	13,645	-	(283,405)	-	105
41540	Share of gain (loss) of associates and joint ventures accounted for using the equity method (note 6(d))	33,836	-	218,440	-	(85)
41550	Gain on foreign exchange	(143,936)	-	60,440,820	55	(100)
41560	Reserve for fluctuation of foreign exchange movement (note 6(q))	4,111,104	4	(6,969,055)	(6)	159
41570	Gain (loss) on investment property (notes 6(e) and 7)	368,227	-	1,782,887	2	(79)
41585	Expected credit losses (reversal of expected credit losses) of investments (notes 6(c) and (f))	84,880	-	(792,353)	(1)	111
41590	Other net income from investments (note 6(d))	1,258,356	1	-	-	-
41600	Profit or loss reclassified by applying overlay approach (note 6(c))	(10,512,215)	(9)	3,221,236	3	(426)
41800	Other operating income	60,537	-	34,360	-	76
41900	Separate account revenue for unit-linked products (note 6(k))	15,533,843	13	519,967	-	2,887
		123,272,756	100	109,647,090	100	12
	Operating costs:					
51200	Claims and benefits (note 6(t))	94,705,930	77	93,472,132	85	1
41200	Less: Claims recovered from reinsurers (note 6(t))	2,703,524	2	2,486,329	2	9
	Retained insurance claims and benefits incurred (note 6(t))	92,002,406	75	90,985,803	83	1
51300	Other insurance liabilities movement (note 6(o))	17,542,088	14	22,550,576	21	(22)
51400	Underwriting expenses	30,878	-	30,728	-	-
51500	Commission expense (note 6(s))	5,792,483	5	5,639,225	6	3
51800	Other operating costs (note 6(n))	595,485	-	520,402	-	14
51900	Separate account expense for unit-linked products (note 6(k))	15,533,843	13	519,967	-	2,887
		131,497,183	107	120,246,701	110	9
	Operating expenses: (notes 6(b)(h)(i)(n)(s)(u)(v) and 7)					
58100	Sales and marketing expenses	386,774	-	441,254	-	(12)
58200	Administrative expenses	4,208,998	4	4,226,414	4	-
58300	Employee training expenses	183,395	-	78,616	-	133
58400	Expected credit losses (reversal of expected credit losses) of non-investments	8,135	-	(2,261)	-	460
		4,787,302	4	4,744,023	4	1
	Operating loss	(13,011,729)	(11)	(15,343,634)	(14)	15
59000	**Non-operating income and expense**	75,744	-	285,958	-	(74)
	Loss from continuing operations before tax	(12,935,985)	(11)	(15,057,676)	(14)	14
63000	Less: Income tax benefit (note 6(w))	(3,419,996)	(3)	(1,398,874)	(1)	(144)
	Losses	(9,515,989)	(8)	(13,658,802)	(13)	30
83000	**Other comprehensive income:**					
83100	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**					
83110	Losses on remeasurements of defined benefit plans	(119,825)	-	(41,440)	-	(189)
83120	Gains on revaluation	-	-	873,371	1	(100)
83190	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	155,655	-	(377,502)	-	141
83130	Share of other comprehensive loss of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	506	-	3,980	-	(87)
83180	Income (tax) benefit related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(111,187)	-	(100)
		36,336	-	347,222	1	(90)
83200	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
83290	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6,162,001	5	(5,605,545)	(6)	210
83240	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	853	-	10,864	-	(92)
83295	Other comprehensive income (loss) on reclassification under the overlay approach	10,512,215	9	(3,221,236)	(3)	426
83280	Income (tax) benefit related to components of other comprehensive income that will be reclassified to profit or loss	(1,154,185)	(1)	670,128	1	(272)
		15,520,884	13	(8,145,789)	(8)	291
83000	**Other comprehensive income (loss)**	15,557,220	13	(7,798,567)	(7)	299
	Total comprehensive income (loss) for the period	**$ 6,041,231**	**5**	**(21,457,369)**	**(20)**	128
	Basic earnings per share (In New Taiwan Dollars) (note 6(y))	**$**	**(2.11)**		**(4.34)**	
	Diluted earnings per share (In New Taiwan Dollars) (note 6(y))	**$**	**(2.11)**		**(4.34)**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MERCURIES LIFE INSURANCE COMPANY LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Other comprehensive income (loss) on reclassification under the overlay approach	Total equity
Balance at January 1, 2022	$ 26,695,011	911,648	1,698,379	20,118,213	1,075,187	(11,717)	(112,238)	-	(8,936,093)	41,438,390
Net loss	-	-	-	-	(13,658,802)	-	-	-	-	(13,658,802)
Other comprehensive income (loss)	-	-	-	-	(38,696)	10,864	(5,301,583)	762,184	(3,231,336)	(7,798,567)
Total comprehensive income (loss)	-	-	-	-	(13,697,498)	10,864	(5,301,583)	762,184	(3,231,336)	(21,457,369)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	215,038	-	(215,038)	-	-	-	-	-
Special earnings reserve provided due to reversal of special risk-volatility reserve	-	-	-	240,945	(240,945)	-	-	-	-	-
Special earnings reserve provided due to net income with the adoption of reserve for fluctuation of foreign exchange	-	-	-	107,519	(107,519)	-	-	-	-	-
Provision for gain on disposal of investments in debt instrument	-	-	-	4,301,629	(4,301,629)	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(853,735)	853,735	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	(1,698,379)	-	1,698,379	-	-	-	-	-
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using the equity method	-	(69)	-	-	-	-	-	-	-	(69)
Capital increase in cash	14,300,000	(703,220)	-	-	(4,870,780)	-	-	-	-	8,726,000
Share-based payments	-	141,300	-	-	-	-	-	-	-	141,300
Appropriation of special catastrophe reserve and special risk-volatility reserve	-	-	-	132,315	(132,315)	-	-	-	-	-
Appropriation of special earnings reserve due to the Individual Travel Accident Insurance	-	-	-	1,422	(1,422)	-	-	-	-	-
Balance at December 31, 2022	40,995,011	349,659	215,038	24,048,308	(19,939,845)	(853)	(5,413,821)	762,184	(12,167,429)	28,848,252
Net loss	-	-	-	-	(9,515,989)	-	-	-	-	(9,515,989)
Other comprehensive income (loss)	-	-	-	-	(119,902)	853	5,537,769	-	10,138,500	15,557,220
Total comprehensive income (loss)	-	-	-	-	(9,635,891)	853	5,537,769	-	10,138,500	6,041,231
Appropriation and distribution of retained earnings:										
Special earnings reserve provided due to reversal of special risk-volatility reserve	-	-	-	233,497	(233,497)	-	-	-	-	-
Provision for gain on disposal of investments in debt instrument	-	-	-	248,274	(248,274)	-	-	-	-	-
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity method	-	(16)	-	-	-	-	-	-	-	(16)
Capital increase in cash	10,000,000	(341,669)	-	-	(4,633,331)	-	-	-	-	5,025,000
Share-based payments	-	26,500	-	-	-	-	-	-	-	26,500
Disposal of investments accounted for using the equity method	-	-	-	-	835	-	(835)	-	-	-
Disposal of revalued property	-	-	-	-	28,012	-	-	(28,012)	-	-
Appropriation of special catastrophe reserve and special risk-volatility reserve	-	-	-	135,819	(135,819)	-	-	-	-	-
Appropriation of special earnings reserve due to the Individual Travel Accident Insurance	-	-	-	2,498	(2,498)	-	-	-	-	-
Balance at December 31, 2023	**$ 50,995,011**	**34,474**	**215,038**	**24,668,396**	**(34,800,308)**	**-**	**123,113**	**734,172**	**(2,028,929)**	**39,940,967**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MERCURIES LIFE INSURANCE COMPANY LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	$ (12,935,985)	(15,057,676)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	408,864	406,732
Amortization expense	97,117	83,035
Net loss on financial assets or liabilities at fair value through profit or loss	946,716	67,822,759
Net (gain) loss on financial assets or liabilities at fair value through other comprehensive income	(13,645)	283,405
Interest expense	402,192	400,056
Net gain (loss) arising from derecognition of financial assets measured at amortized cost	322,931	(2,026,181)
Interest income	(36,674,379)	(34,794,244)
Net change in insurance liabilities	17,868,122	22,839,386
Net change in reserve for fluctuation of foreign exchange movement	(4,111,104)	6,969,055
(Reversal of expected credit losses) expected credit losses of investments	(84,880)	792,353
Expected credit losses (reversal of expected credit losses) of non-investments	8,135	(2,261)
Share-based payments	26,500	141,300
Share of profit of associates and joint ventures accounted for using the equity method	(33,836)	(218,440)
Loss (profit) reclassified by applying overlay approach	10,512,215	(3,221,236)
Loss (gain) on disposal of property and equipment	64	(162,700)
Gain on disposal of investment properties	(2,608)	(1,292,975)
Gain on disposal of investments accounted for using the equity method	(1,254,491)	-
Unrealized foreign exchange gain	(1,690,837)	(85,481,172)
Gain on fair value adjustment of investment property	(5,967)	(22,461)
Total adjustments to reconcile loss	(13,278,891)	(27,483,589)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in accounts receivable	(1,255,245)	3,011,868
Increase in financial assets at fair value through profit or loss	(44,931,710)	(83,384,324)
Increase in reinsurance contract assets	(106,231)	(333,722)
Increase in other assets	(165,246)	(573,983)
Total changes in operating assets	(46,458,432)	(81,280,161)
Changes in operating liabilities:		
Increase (decrease) in accounts payable	1,990,842	(1,777,541)
Decrease in provisions	(264,466)	(183,333)
Decrease in other liabilities	(2,806)	(44,097)
Others	451,820	25,566,507
Total changes in operating liabilities	2,175,390	23,561,536
Total changes in operating assets and liabilities	(44,283,042)	(57,718,625)
Total adjustments	(57,561,933)	(85,202,214)
Cash outflow generated from operations	(70,497,918)	(100,259,890)
Interest received	27,641,999	31,128,213
Dividends received	3,683,221	3,565,379
Interest paid	(402,192)	(421,763)
Income taxes paid	(466,300)	(601,466)
Net cash flows used in operating activities	(40,041,190)	(66,589,527)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(13,817,870)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	9,512,936
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	215,702	27,978
Acquisition of financial assets at amortized cost	(2,913,921)	(54,402,954)
Proceeds from disposal of financial assets at amortized cost	32,056,374	23,647,159
Proceeds from early redemption and repayment of financial assets at amortized cost	12,269,531	35,158,118
Acquisition of investments accounted for using the equity method	-	(2,182,500)
Proceeds from disposal of investments accounted for using the equity method	2,755,553	-
Acquisition of property and equipment	(184,238)	(373,809)
Proceeds from disposal of property and equipment	52	280,723
Increase in refundable deposits	177,562	789,462
Acquisition of intangible assets	(94,760)	(144,408)
Decrease in loans	1,392,986	1,248,753
Acquisition of investment properties	(6,084)	(8,537)
Proceeds from disposal of investment properties	45,612	8,233,866
Net cash flows from investing activities	45,714,369	7,968,917
Cash flows from (used in) financing activities:		
Increase in guarantee deposits received	3,019,252	724,787
Payment of lease liabilities	(185,414)	(187,117)
Proceeds from capital increase in cash	5,025,000	8,726,000
Net cash flows from financing activities	7,858,838	9,263,670
Net increase (decrease) in cash and cash equivalents	13,532,017	(49,356,940)
Cash and cash equivalents at beginning of period	47,827,361	97,184,301
Cash and cash equivalents at end of period	**$ 61,359,378**	**47,827,361**

See accompanying notes to financial statements.

(1) Company history

Mercuries Life Insurance Company Ltd. (the "Company") was incorporated on June 12, 1993 as a company limited who engages in life insurance business. The Company has its head office located in Taipei, with registered office at 1F., No. 58, Shitan Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.). It also has branches in Taipei, Taichung, Chiayi, Tainan and Kaohsiung.

The Company's parent company is Mercuries & Associates, Holding Ltd. (formerly known as Mercuries & Associates Ltd., and has been renamed to Mercuries & Associates, Holding Ltd. since January 13, 2015.) The Company formed a strategic alliance with Mass Mutual Financial Group (Mass Mutual) by acquiring it through its parent and affiliated companies on November 30, 2010. Then in 2001, Mass Mutual was renamed to Mercuries Life Insurance Company. In addition, the Company officially listed on December 18, 2012.

(2) Approval date and procedures of the financial statements:

The Board meeting authorized the financial statements on March 13, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 17 "Insurance Contracts"	The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows: ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.	January 1, 2023

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 "Insurance Contracts"	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "	The amendment adds a new transition option to IFRS 17 (the 'classification overlay ') to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023

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

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(Continued)

(a) Statement of Compliance

These financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance" (hereinafter referred to as the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC).

(b) Basis of Preparation

(i) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

1) Financial instruments at fair value through profit or loss are measured at fair value (Derivative financial instruments are included);

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Reinsurance contract assets, insurance liabilities and provisions for insurance contracts with the feature of financial instruments are measured in compliance with the "Regulations Governing Various Reserves by Insurance Enterprises".

4) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation; and

5) Investment properties are measured at fair value.

(ii) Functional and presentation currency

The Company interim financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for non-monetary assets which are measured at fair value and recognized its difference in other comprehensive income.

(Continued)

(d) Distinction of classification for current/non – current assets and liabilities

The Company primarily engages in life insurance business. In the insurance industries, there is no clear standard distinction for the length of operating cycle depending on the nature of the insurance contracts and the different durations of the insurance claim processing. Therefore, the Company does not present the classification of current or non-current assets, and current or non-current liabilities.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and high liquid investments that can be converted into fixed amount of cash at any time, with low risk of change in value.

A time deposit with maturity less than a year is qualified as a cash equivalent when it is subject to an insignificant risk of changes in value and is held for the purpose of short-term cash commitments rather than for investment or other purposes.

Bank overdrafts are those that are immediately repaid and are part of the Company's overall cash management and are classified as cash and cash equivalents in the statements of the cash flows.

(f) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets and accounts receivable. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

4) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. Transaction accounting is used when buying or selling financial assets in accordance with trading practices.

Loans consist of policy loans, auto premium loans, and mortgage loans. Policy loans are loans guaranteed by the policy. Auto premium loans are premiums paid by the Company according to the policy. Mortgage loans include loans and overdue loans that have been secured by real estate, chattel and securities, loans and overdue loans approved by the competent authority. Loans are stated at the outstanding principal without unearned revenue. The amortized cost and interest income are measured using the effective interest method.

5) Overdue loans

When the principal or interest of a loan is overdue by more than three months, or payment has been requested by the Company, or when the collateral has been disposed of, it is recorded as a delinquent loan.

A delinquent loan is transferred to an overdue loans account within six months after its due date, or when there is a direct evidence to reveal that the financial capability of the accommodator is insufficient to pay off. For delinquent loans transferred to overdue loans, the accrued interest is not accrued internally but externally, and it continues to be included in the request for payment. Unpaid interest for a delinquent loan accrued before it is transferred to the overdue loans account is transferred to overdue loans together with the principal.

Accrued premium receivables, interest receivables and other receivables are classified as delinquent receivables when they are more than three months overdue. Claims recoverable from reinsurers and due from other insurers previously were classified as delinquent receivables when they were more than nine months overdue.

6) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

(Continued)

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

7) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

8) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, amortized costs, loans and guarantee deposit paid), debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or the credit rating of financial instrument has been defined as lower than the investment grade and equal or lower than the initial purchase rating by 2 notches.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

Other than the assessment described above, in accordance with the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand, and Bad Debts by Insurance Enterprises," the Company classifies the loan assets into Class 1 "normal", Class 2 "under notice", Class 3 "possible to be recovered", Class 4 "difficult to be recovered", and Class 5 "with no chance of recovery", and sets aside an allowance for doubtful accounts. The above-mentioned regulation is the minimum requirement of allowance for doubtful accounts, and the sum of the allowance for doubtful accounts must not be less than the following standards:

a) · The total balance of 0.5% of claim balance of Class-1 loan assets after deducting life insurance loans, automatic premium loans and government debt, 2% of claim balance of Class-2 loan assets, 10% of Class 3, 50% of Class 4, and the entire claim balance of Class-5 loan assets.

· The sum of loans overdue and receivables on demand which are valuated as no collaterals.

· 1.5% of the total balance of the policy-related loan, which are started from January 1, 2011, being deducted from the sum of housing purchase, renovating loans, and the building loans, the remaining sum has to be recognized annually before the end of 2016 in order to strengthen the ability of the insurance companies to undertake the loss of specific loans, according to Jin-Guan-Bao-Tsai No. 10402506096 issued by the FSC.

b) 1% of the total balance of Class 1 to 5 loan assets deducting life insurance loans, automatic premium loans, and government debt.

The amount of doubtful account is estimated as the higher of the results of the two methods used above.

The Company shall provide the related allowance for doubtful accounts according to the above-mentioned guidelines if the assessed amount of impairment loss in accordance with the third amendment of the IFRS 9 Financial Instruments.

9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. Please refer to Note 6(af).

10) Overlay approach

The Company has designated financial assets to adopt the "overlay approach" in accordance with IFRS 4 "Insurance Contracts", to reduce the financial impact and differences as a result of the different implementation dates between IFRS 9 and IFRS 17, whereby IFRS 17 is expected to be effective at a later date.

11) Reclassification on financial assets

In accordance with IFRS 9, the Company is allowed to apply the reclassification on all its impacted financial assets only when it changes the business model for managing its financial assets. After reclassifying a financial asset out of fair value through other comprehensive income into amortized cost, its fair value measured at the reclassification date will become its new carrying amount; cumulative gain or loss previously recognized in other comprehensive income will be removed from equity and adjusted against the fair value of the financial asset at the reclassification date, as if the financial asset had been measured at amortized cost in the past. The reclassification will affect the Company's other comprehensive income but will not affect its profit or loss.

(ii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge the risk of fluctuation of price, foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

More information about the Company's accounting policies and risk management activities related to derivative financial instruments is provided in Note 6(c)(i)(2).

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

3) Short term liabilities

Bonds issued under repurchase agreement in financing activities are recorded to short term debts notes and bonds issued under repurchase agreement at trading date. When the notes and bonds are repurchased, the difference between the repurchase price and original sale price is recognized as interest expenses.

4) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial assets and liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting of financial assets and liabilities

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

Information about the Company's accounting policies relating to offsetting of financial assets and financial liabilities is provided in Note 6(z)(ii) for further details.

(v) A structured entity has been specially designed so that voting right or other similar rights do not dominate the entity. That is, the voting right can only affect the administrative tasks, all the key operating decisions are negotiated and determined on the contract basis. The Company consolidates the structured entities into its financial statement when the following criteria are made:

1) having the rights over the structured entity’ s activity, such as, but not limit to, voting right;

2) having the rights to obtain the structured entity’ s reward by involving in such structure entity;

3) having the capability to exercise its rights over the structured entity to have influences over the entity’ s reward.

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(vi) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company will apply applied the policies on accounting for modifications to the additional changes.

(g) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. When the Company holds between 20% and 50% of the voting rights of the investee company, it is assumed to have a significant influence.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company’ s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

If the proprietary right of the company in related corporations or joint ventures decreases despite according investment being continued classified as such, the company should reclassify its profit and loss proportionally from other comprehensive income with the reduction seen above.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost and includes transaction cost of acquiring the asset. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Costs of self-constructed investment property include cost of raw materials and direct labor, and any other costs and capitalized costs directly attributable to bring the investment property to a working condition for their intended use. In accordance with IAS 40, investment property is subsequently measured at fair value. Gains or losses arising from the changes in fair value must be included in net profit or loss for the period in which they arise.

(Continued)

Investment property should be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal and recognized in profit or loss.

The Company transfer investment property in or out based on its actual use. Transfers between categories should be based on market values and accounting treatment should be conducted in accordance with IAS 40 "Investment Property".

According to Gin-Guan-Bao-Tsai No.10904917647 letter issued on May 11, 2020, in order to maintain the soundness and stability of its financial structure in insurance industry, the Company needs to set aside a special reserve equal to the net amount of the adjustments on investment properties and the accumulated excess net amount after tax of the adjustment from subsequent measurement based on the fair value. The special reserve will then be subsequently set aside only for valid contract based on IFRS 17 "Insurance Contracts", the policy of the fair value evaluation of valid insurance contract in the insurance industry, and the other regulations designated by the authority.

(i) Reinsurance contract assets

The Company arranges the reinsurance business based on the business need and the related insurance laws to limit the losses caused by certain events. For reinsurance ceded business, the Company cannot refuse to fulfill their obligations to insured even if the reinsurer refuses to fulfill its obligation.

Reimbursement expenses and income arising from the reinsurance business, and the amount of income payable or reimbursement from the relevant insurance contract shall be recognized in the same period. The net entitlement of the reinsurance contract, including the reinsurance reserve asset, claims and payment recoverable from reinsurers, and intercompany reinsurance receivables shall be recognized in accordance with the reinsurance contract and the relevant insurance contract liabilities. The assets or liabilities and the incomes or expenses of the reinsurance contract shall not be offset against the loss or benefit of the relevant insurance liabilities and related insurance contracts.

Reinsurance contract assets, claims and payment recoverable from reinsurers, and intercompany reinsurance receivables held by ceding companies are periodically assessed for impairment. If the reinsurance asset is impaired, its carrying amount is reduced accordingly, and impairment loss thereon is recognized in profit or loss. A reinsurance asset is impaired if, and only if, there is objective evidence that the Company may not receive all amounts due them under the terms of the contract as a result of an event that occurred after initial recognition of the reinsurance asset; and the impact of that event to the amounts that the Company will receive from the reinsurer can be measured reliably.

In determining the classification of a reinsurance contract, the Company considers whether a significant insurance risk should be transferred to the reinsurer. If there is no significant insurance risk that are being transferred, the contract shall be recognized and measured in accordance with deposit accounting.

If the Company can measure the constituent elements of its savings separately, the insurance component of the reinsurance contract and the elements of the savings shall be recognized separately. That is to say, the Company will deduct the insurance component from the reinsurance contract after receiving (or paying) the consideration of the contract, and is recognized as financial liabilities (or assets), not income (or expense). The financial liabilities (or assets) are recognized and measured at fair value and are based on discounted future cash flows as a basis for fair value measurement.

(j) Insurance contracts

The Company classifies a contract as an insurance contract when the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The definition of an insurance risk is that, a risk, other than financial risk, is being transferred from the holder of a contract to the issuer. The definition of a financial risk is that, a risk came from a possible future change in one or more of the variables (including specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating and credit index or other variable). If one of the above variables is a non-financial variable, it must not be specific to a party to the contract. Insurance contracts may also transfer some of financial risks.

The Company deems a risk to be significant if, and only if, an insured event could cause the Company to pay significant additional benefits in any scenario except a scenario that lacks commercial substance. At inception, a contract that qualifies as an insurance contract shall still be considered an insurance contract until all rights and obligations are extinguished or expire. Contracts that do not transfer a significant insurance risk are classified as financial instruments, and if a significant insurance risk is subsequently transferred, the Company shall reclassify the contracts as insurance contracts.

Sub-classification of insurance contracts and financial instruments will depend on whether they contain discretionary participation features or not. Discretionary participation feature is a contractual right to receive additional benefits as a supplement to guaranteed benefits:

(i) That are likely to be a significant portion of the total contractual benefits;

(ii) Whose amount or timing is contractually at the discretion of the issuer; and

(iii) That are contractually based on:

1) The performance of a specified pool of contracts or a specified type of contract;

2) The realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or

3) The profit or loss of the Company, fund or other entity that issues the contract.

When the economic characteristic and risk of embedded derivatives do not closely relate to that of their host contract, the Company shall separate the embedded derivatives from the host contract, and measure them at fair value and record the changes in fair value in profit or loss. However, the Company need not to separate an embedded derivative from the host contract if it meets the definition of an insurance contract, or when the entire insurance contract are measured at fair value and the changes in fair value are recognized as profit or loss.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the assets. The cost of a selfconstructed asset comprised material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

A property is reclassified to investment property at its fair value when the use of the property changes from owneroccupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated over the useful life thereof using the straight-line method. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

The land asset is not depreciated.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	2~55 years
2)	Computer equipment	2~7 years

(Continued)

3) Transport and office equipment 2~5 years

4) Fixtures and fitting: Based on the shorter of the lease term and its useful life. Maximum expectation years are 5 years.

Depreciation methods, useful lives, and residual values should be reviewed at least at each financial year-end. If expectations are different from the previous estimates, the changes are accounted for as changes in an accounting estimate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) The customer has the right to direct the use of the asset throughout the period of use only if either:

a) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

b) the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Company does not have the incremental borrowing rate due to the industry characteristics. Because of this, the Company uses the Group's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) Fixed payments;

2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be payable under a residual value guarantee; and

4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment of the underlying asset cell option;

4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

5) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of leased assets that have a lease term of 12 months or less or leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

1) the rent concessions occurring as a direct con sequence of the COVID-19 pandemic;

2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Intangible Assets

Intangible assets originally recognized at cost. Then the remaining balance less accumulated amortizations and accumulated impairment losses would be the carrying amount. Depreciable amount is the cost of an asset less its residual values.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated maximum useful life of computer software is 7 years.

The residual value, the amortization period and the amortization method for computer software shall be reviewed at least at the end of each financial year. Such change shall be accounted for as changes in accounting estimates.

(Continued)

(n) Impairment of asset other than financial asset

For non-financial assets other than deferred tax assets and employee benefits, the Company assesses whether the impairment has occurred at the end of each reporting period, and estimates its recoverable value. If the recoverable value cannot be estimated individually, the Company estimates the recoverable amount of the cash generating unit of the asset to assess the impairment.

The recoverable amount is the higher of the individual assets' fair value or cash generating units less the cost of sale, and the value of their use. If the recoverable value of an individual asset or cash generating unit is less than the carrying amount, the carrying amount of the individual asset or cash generating unit shall be write down to the recoverable amount and the impairment loss shall be recognized.

The Company reassesses the impairment loss of nonfinancial assets other than goodwill at the end of each reporting period, checking whether the impairment loss no longer exists or is reduced. If the recoverable value has increased, the impairment loss is written off in accordance with the changed of recoverable value. However, the amount added back cannot exceed the individual asset or cash generate unit's carrying amount less any depreciation expense from last year.

(o) Separate account assets and liabilities

The Company sells investment-linked products. The insurer's costs and expenses shall be deducted (according to the agreed method) from the premiums paid by insurance applicants, and such residual premiums shall be recorded in a separate account according to the arrangements for investment allocation agreed or designated by the insurance applicants. The value of assets under separate accounts shall be calculated according to the fair value on the valuation date, and the net values of such assets shall be calculated in accordance with applicable laws and regulations and IAS.

In accordance with the "Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance", the assets and liabilities under separate accounts (whether they are resulted from insurance contracts or insurance contracts with financial instruments features) are recorded as "Separate account assets for unit-linked products" and "Separate account liabilities for unit-linked products"; the revenues and the expenses under separate accounts which are the sum of revenues and expenses of separate account that fulfill the definition provided by IFRS 4 (including investment-linked products with discretionary participating features) are respectively recorded as "Separate account revenue for unit-linked products" and "Separate account expense for unit-linked products."

(p) Insurance liabilities

The reserve for both the insurance contracts and the investment contracts with or without discretionary participation feature of the Company determines reserves for insurance contracts in accordance with the Regulations Governing the Provision of Various Reserve, Regulation of Reserves for Operating Investment in Life Insurance, Regulation of Various Reserves for Operating Investment in Life Insurance and Directions for Interest-Sensitive Annuity Insurance Policy Premium Rates. The methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the FSC. Except for the reserve for short-term group insurance which shall be calculated on the actual premiums or the premiums conforming to the rule prescribed in Jin-Guan-Bao-Tsai No. 11004925801 letter, whichever is higher, the bases for determining other reserves or provision for liabilities are as follows:

(Continued)

In addition, some of the Company's insurance contracts contain discretionary participation features and guarantee factors, but the Company did not separately identify them, so the overall contract is classified as liabilities.

(i) Unearned premium reserve

Unearned premium reserves for effective insurance contracts with a term less than one year and accident insurance for effective insurance contracts with a term of more than one year, universal variable life insurance and universal life insurance with a term over one year are calculated based on the gross premiums of the insurance contracts which have not matured yet on the balance sheet date.

(ii) Claims reserve

Claim reserve is provided based on the incurred but not reported claims and reported but unpaid claims. For reported but unpaid cases, the claim reserves are provided based on the actual claim case by case. For incurred but not reported cases, the reserve is provided based on historical claim experiences and expenses along with the insurance types, including accident insurance, health insurance and life insurance with a term less than one year via the method conforming to actuarial principles (ex: Loss Development Triangle Method).

(iii) Policy reserve

The provision for future policy benefits is calculated in accordance with both the modified method of article 12 of the Enforcement Rules of Insurance Law and the calculation prescribed by the competent authority.

Starting from 2003, for effective insurance contracts which adopt the dividend calculation formula prescribed under the Jin-Guan-Bao-Tsai No. 11004931041 letter, the policy reserve is provided based on the currently reduced amount of dividend caused by the offset between interest margin and mortality margin for long term effective insurance contracts.

Starting from 2012, in accordance with the Jin-Guan-Bao-Tsai No. 10102500530 letter issued on January 19, 2012, a liability reserve based on 3% of sales is provided for purposes of writing off allowance for bad debts and calculated based on the terms of the "Regulations Governing the Provision of Various Reserve", the recovery of the special catastrophe reserve. In accordance with the Jin-Guan-Bao-Tsai No. 10202124790 letter issued on November 21, 2013, additional liability reserve is not provided, since 2013.

When an insurer chooses to measure its investment property at fair value, the value of its insurance liabilities must also comply with the condition of measurement designated by the authority every year. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds the book value, the difference should be reserved for insurance liabilities and the retained earnings must be reduced. The Company has changed its accounting policy for subsequent measurement of investment property from cost model to fair value model starting 2020. The results of the measurements indicated that the fair value of the insurance liabilities did not exceed its book value, therefore, there was no need to increase the reserves for insurance liabilities.

(Continued)

(iv) Special reserve

The special reserve provided for retention business with a term within one year is divided into three categories, which are special catastrophe reserve, special contingency risk reserve and other special needs reserve. The methods for providing these reserves are as follows:

1) Special catastrophe reserve

A special catastrophe reserve covering all types of insurance is provided at a rate prescribed by the competent authority. For the actual catastrophe claim exceeding $30,000 thousand dollars, the excess amount is offset against special catastrophe reserve. For special catastrophe reserve that remains outstanding for over 15 years, it is written off based on the evaluation of an actuary and after being reported to the competent authority for inspection.

The above-mentioned new provision of special catastrophe reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

2) Special contingency risk reserve

If the net amount of actual claim minus the related special catastrophe reserve is lower than the amount of expected claim, a special contingency risk reserve is provided at a rate of 15% of the difference between the net amount of actual claim and the amount of expected claim.

If the net amount of actual claim minus the related special catastrophe reserve is higher than the expected claim amount, the difference is debited to special contingency risk reserve. However, the amount and type of insurance are reported to the competent authority for inspection. If the total accumulated amount of the special contingency risk reserve is over 30% of premium earned of the year, the excess is treated under reclaim rule.

The above-mentioned balance for write down or reclaim, net of income tax, is offset against the special reserve for contingency risk of equity in accordance with IAS 12. The new provision of special reserve for contingency risk, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity rule.

In addition, the special contingency risk reserve after tax, which returned to the Company, should be recognized as special reserve with the shareholders' approval in the next annual meeting. The reserve cannot be used for other purpose without the authorization from the competent authorities.

3) Any increase or write-down in other special reserve arise from other needs required the approval from the authority.

In accordance with the " Regulations Governing the Preparation of Financial Reports by Insurance Enterprises ", if the real estate measured at fair value experiences appreciation in value, the appreciation shall be firstly used to offset the adverse impact of the first adoption of the IFRSs on other accounting items, and the remainder shall be appropriated as a special provision in the line item of liabilities.

(Continued)

Additionally, from January 1, 2013, the excess amount of the enhancement of liability reserve, calculated in accordance with November 27, 2012 Jin-Guan-Bao-Tsai No. 10102515285, could be transferred to "liability reserve insurance contract liability measured at fair value" in accordance with November 30, 2012 Jin-Guan-Bao-Tsai No. 10102515281. For remaining outstanding reserve, it is accounted for under special reserve of stockholders' equity, either recognized by 80% of which at first year or recovered by 5 years with the restriction up to $10 billion each year.

(v) Premium deficiency reserve

For life insurance, health insurance, or annuities with an insurance term over one year, and polices issued after January 1, 2001, a deficiency reserve is provided when the actual premium written is less than the premium on the policy reserve prescribed by the competent authority.

In addition, the Company shall evaluate expected future claims and expenses for in-force contracts with contract term less than one year and for accident insurance contracts with terms over one year, and if the amount exceeds unearned premium reserve and expected future premium income, a premium deficiency reserve should be provided for the difference.

(vi) Unqualified reinsurance reserve

If a reinsurance contract on the ceded date or balance sheet date is deemed unqualified ceded reinsurance under the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms", the Company utilizes "The Provision of Unqualified Reinsurance Reserve" to evaluate the effect of unqualified reinsurance in supervision reports, and the results are disclosed in its financial statements.

(vii) Liability adequacy reserve

Liability adequacy reserve is a reserve that is provided depending on the results of the liability adequacy test prescribed under IFRS 4 endorsed by the FSC.

(q) Reserve for insurance contracts with financial instrument features

Reserves for the financial instruments that are not separate account and insurance products without discretionary participation features under general account are provided in accordance with the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves" and related regulations to set aside reserves.

(r) Reserve for fluctuation of foreign exchange

Since March 1, 2012, the Company has provided a reserve for fluctuation of foreign exchange under liabilities for foreign investment assets (excluding nonunitlinked life insurance products denominated in foreign currencies) in accordance to the Regulations Governing Insurance Enterprises for Setting Aside Various Reserves. Based on the regulations, the Company may reclassify a portion of special reserves to the reserve for fluctuation of foreign exchange as its beginning balance; however, the reclassified amount should not exceed 50% of the special catastrophe reserve and the special riskvolatility reserves under liabilities based on the former ROC generally accepted accounting principles as of December 31, 2011.

(Continued)

(i) Second and third points of "Directions Concerning Provision of Life Insurance Reserve for Fluctuation of Foreign Exchange" were amended and issued in accordance with Jin-Guan-Bao No. 11204169421, which the Company has adopted beginning on March 24, 2023.

In accordance with the Directions Concerning Provision of Life Insurance Reserve for Fluctuation of Foreign Exchange and other associated regulations, the cap on accumulated balance, the provision and reversal mechanism, and other compliance regulations of the reserve for fluctuation of foreign exchange are as follows:

1) The initial amount of reserves for fluctuation of foreign exchange shall be repaid to the special earnings reserves in three years since the start date. The provided amount in the first year shall not be less than one third of the initial amount after tax. The accumulated amount provided in the first two years shall not be less than two third of the initial amount after tax. Because the special catastrophe reserve recorded under liability reserves should be provided as the initial amount of reserves for fluctuation of foreign exchange, the abovementioned provision of the special earning reserve should be taken account for the reduced recovery amount of the special catastrophe reserve while calculating based on the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves.

2) Reserve amount:

   a) Fixed reserve: The amount to be reserved during the month is calculated by multiplying the net exposure to foreign investments by the fixed reserve ratio.

   b) Additional reserve for the exchange gains on unhedged foreign currency assets and liabilities: If any, the amount to be reserved during the month is calculated by multiplying the foreign exchange gains from the unhedged foreign currency assets and liabilities by the additional reserve ratio.

   c) Additional reserve for the traditional hedging cost: If the current month’ s average hedging cost rate of oneyear TWD/USD swap is lower than the historical average hedging cost rate, the amount to be reserved during the month is calculated by multiplying the principal amount of traditional hedging by the difference between the hedging cost rates mentioned above, divided by twelve, and then multiplied by the additional reserve ratio.

3) Withdrawal amount:

   a) Additional withdrawal for the exchange gains on unhedged foreign currency assets and liabilities: If any, the amount to be withdrawn during the month is calculated by multiplying the foreign exchange losses from the unhedged foreign currency assets and liabilities by the additional withdrawal ratio.

   b) Additional withdrawal for the traditional hedging cost: If the current month’ s average hedging cost rate of oneyear TWD/USD swap is greater than the historical average hedging cost rate, the amount to be withdrawn during the month is calculated by multiplying the principal amount of traditional hedging by the difference between the hedging cost rates mentioned above, divided by twelve, and then multiplied by the additional withdrawal ratio.

(Continued)

4) Lower limit of reserve: The balance of the reserve at the ended of each month shall not be less than six times the average monthly fixed reserved amount of the previous five years.

5) If the balance of the reserve decrease to the lower limit continuously for 3 months, the reserve shall be increased by 75%, and to be at least 3 times the lower limit.

The monthly fixed reserve ratio, additional reserve ratio and additional withdrawal ratio mentioned above are as follows:

a) The fixed reserve ratio is 0.05%. The ratio will be 0.06% when comply with the following condition.

b) The additional reserve ratio and additional withdrawal ratio are 50%. It will be 60% when comply with the following condition.

c) The additional reserve ratio and the additional withdrawal ratio for the traditional hedging cost are both 25%.

Note: The condition mentioned above is only applicable when the average hedging cost is greater than or equal to 2%. The average hedging cost is calculated annually using the 1year TWD/USD swap rate whose period begins in December of the previous year until November of the current year.

6) The upper limit of the reserve is the value at risk for foreign exchange of the average net exposure to foreign investments in the previous year.

7) The savings in costs from hedging due to this rule shall be provided as special earnings reserves each year. If the retained earnings are insufficient in the current year, the Company shall make up the insufficiency in the following year while it becomes sufficient.

8) If there are earnings after tax in the current year, 10% of the earnings amount should be provided as special earnings reserves. However, the Company may not provide such reserves if the regulatory authority approves. Besides, in accordance with ShouHuiGui No.1090201026, the calculation basis on set aside reserve should be based on the "amount of net profit after tax, plus, items other than net profit after tax for the current period included in the unappropriated earning for the year."

(ii) The Company previously adopted the following before March 24, 2023:

1) The initial amount of reserves for fluctuation of foreign exchange shall be repaid to the special earnings reserves in three years since the start date. The provided amount in the first year shall not be less than one third of the initial amount after tax. The accumulated amount provided in the first two years shall not be less than two third of the initial amount after tax. Because the special catastrophe reserve recorded under liability reserves should be provided as the initial amount of reserves for fluctuation of foreign exchange, the abovementioned provision of the special earning reserve should be taken account for the reduced recovery amount of the special catastrophe reserve while calculating based on the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves.

(Continued)

2) Reserve amount: the amount to be reserved during the month is calculated by multiplying the total amount of its foreign investment assets in the current month by the exposure ratio, and then by fixed reserve ratio. If any, the additional amount to be reserved during the month is calculated by multiplying the foreign exchange gain from the unhedged foreign currency assets by additional reserve ratio.

3) Withdrawal amount: If any, the amount to be withdrawn during the month is calculated by multiplying the foreign exchange loss from the unhedged foreign currency assets by additional withdrawal ratio. The balance of the reserve at the end of each month shall not be less than the lower limit (calculated as the average of the reserve balance in the prior years since 2012 plus an additional 20%).

4) If the balance of the reserve decrease to the lower limit continuously for 3 months, the reserve shall be increased by 75%, and to be at least 3 times the lower limit.

   The monthly fixed reserve ratio, additional reserve ratio and additional withdrawal ratio mentioned above are as follows:

   a) The fixed reserve ratio is 0.05%. The ratio will be 0.06% when comply with the following condition.

   b) The additional reserve ratio and additional withdrawal ratio are 50%. It will be 60% when comply with the following condition.

   Note: The condition mentioned above is only applicable when the average hedging cost is greater than or equal to 2%. The average hedging cost is calculated annually using the 1year TWD/USD swap rate whose period begins in December of the previous year until November of the current year.

5) The upper limit of the reserve is considered to be 9.5% of the total amount of its foreign investment assets at the end of each year.

6) The savings in costs from hedging due to this rule shall be provided as special earnings reserves each year. If the retained earnings are insufficient in the current year, the Company shall make up the insufficiency in the following year while it becomes sufficient.

7) If there are earnings after tax in the current year, 10% of the earnings amount should be provided as special earnings reserves. However, the Company may not provide such reserves if the regulatory authority approves. Besides, in accordance with ShouHuiGui No.1090201026, the calculation basis on set aside reserve should be based on the "amount of net profit after tax, plus, items other than net profit after tax for the current period

(Continued)

(s) Premium income

(i) Premium income and acquisition costs

First-year and renewal premiums of insurance contract and financial instruments with discretionary participation features are respectively recognized as income when premiums are received and the policies are approved or due. Acquisition costs, including commissions and other costs related to acquiring new business, are recognized as expenses as incurred.

Premiums collected from the financial instruments without discretionary participation features under general account shall be recognized on the balance sheet as "reserve for insurance contract with financial feature." Acquisition costs related to acquiring new business are charged to "reserve for insurance contract with financial feature" as the insurance contracts become effective. Premiums collected from the financial instruments without discretionary participation features under separate account for unit-linked products shall be recognized as premium income to the extent of insurance component. The remaining, after being subtracted by other revenues, including up-front fee or investment management service fee income, shall be fully recognized as "separate account liabilities" on the balance sheet.

(ii) Accounting for service charge on investment-linked insurance contracts classified as financial products without discretionary participation features.

The service charges normally collected from the policyholder of insurance contracts, which do not belong to investment-linked insurance and which are classified as financial products non- discretionary participation features, include contract administrative charge, investment administrative charge, rescinding charge and others. These charges are recognized as revenue upon collection. When the Company receive certain service charge which makes them obligated to provide future service (ex: front-end load), this service charge is initially treated as a deferred revenue and is recognized as revenue based on the proportion of the period of service provision, amortized by the straight line method. Besides, the amount of amortization is recognized under fee income.

In addition, the costs incurred by the policies of investment management services, including commission fees and incremental fees directly related to the issuance of the new contract, are subject to deferred approval and are provided under "deferred acquisition costs". And amortized by the proportion of the service rendered on the straight-line basis, with expense classified under "other operating costs".

(iii) Interest income

Income from bank deposits, loans, and bonds investments is recognized as interest income by effective interest rate.

(iv) Profit or loss from investment property

The rental income arising from the investment property is recognized as a part of the total leasing income during the lease period, and the incentive for the lease is recognized as a decrease in the rental income by the straight-line method during the lease term.

(Continued)

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

A defined benefit plan is a postemployment benefit other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the thennet defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Shortterm employee benefits

Shortterm employee benefit obligations are benefits which the Company plans to pay in full within twelve months after the reporting date of the year that employee services are provided. The benefits are measured on an undiscounted basis and are recognized as expenses when the related services are provided.

A liability is recognized for the amount expected to be paid under shortterm cash bonus or profitsharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(u) Income Taxes

Income tax expense is the sum of current tax expense and deferred income tax. Except for other comprehensive income or loss items already recognized in other comprehensive income or loss, income tax expense items should be recognized as current income or loss.

Current income tax refers to the current income tax payable or tax refund receivable calculated by current taxable profit or loss, and any adjustments to income tax payable or tax refund receivable in the prior year.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. A deferred tax liability is recognized according to the future income tax payable due to the temporary difference for taxable income. A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Deferred income tax assets and liabilities may be offset against each other only when the entity has the legally enforceable right to settle current tax assets and current tax liabilities on a net basis; and the taxing of current tax assets and liabilities is levied by the same tax authority which permits the entity to make or receive a single net payment, or the taxing of current tax assets and liabilities is levied by different tax authorities, but where each such entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current and deferred income tax shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset shall be reevaluated on each reporting date. If it is not probable that future taxable profit will be available against which a portion or all of the deferred tax asset can be realized, the unrealizable portion should be deducted from the carrying amount of the deferred tax asset. If it is probable that future taxable profit will be available for the previously deducted portion, the deferred tax asset shall be reversed to the extent that it is probable to be realized.

A surtax of 5% on the undistributed earnings is recorded as income tax expense in the year that the shareholders decide the appropriation of earnings.

(v) Earnings per share

The Company discloses the Company’ s basic earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(Continued)

(w) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components within the Company. All the operating results of the segment are reviewed regularly by the Company's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance, for which discrete financial information is available.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Significant accounting assumptions and judgments which may cause adjustments in the next period were as follows:

(a) The fair value and impairment of financial instrument

(i) Fair value

The Company holds certain financial instruments without active markets, including financial instruments lacking active market quotes and financial instruments that turned out to be inactive due to market conditions (ex: low market liquidity). When a market is inactive, it is usually only a few or no observable market data available to measure the fair value of financial instruments. Determination of the existence of an active market for a financial instrument requires management’s judgments.

If the market of an investment held by the Company is not active, the fair value of the instrument is determined with valuation techniques. When the fair value may be publicly obtained from independent sources, it shall be adopted. Overall, the Company would decide a source and / or a valuation technique as a fair value determination method that can reflect the price achieved between market participants through regular trading as of the balance sheet date. Valuation techniques include adoption of recent arm's length transactions, reference to other instruments with substantially identical basis, application of discounted cash flow analysis, etc., which may also include a number of assumptions related to each variable (such as credit risk and interest rate). The fair value also reflects consider of credit risk. Adoption of different valuation techniques or assumptions may lead to significant discrepancies in fair value determination results.

Please refer to note 6(z) financial risk management relating to the fair value of financial instruments content description for the above the estimated fair value of financial instruments.

(Continued)

(ii) Impairment

Financial assets measured at amortized cost and financial assets measured at FVOCI are estimated for loss allowance at an amount equal to the 12-month expected credit losses since initial recognition, despite the existence of evidence of objective impairment. Should credit risk on a financial instrument increase significantly, or there exists evidence of objective impairment, recognized the expected credit losses of the duration then the loss allowance might be increased, and effected profit or loss.

(b) Insurance liabilities

The Company measures insurance liabilities based on the Regulations Governing Insurance Enterprises for Setting Aside Various Reserves.

A policy reserve for life insurance is provided using the lock-in interest ratios assumptions at issue instead of the current market rate.

Unearned premium reserve should be provided based on the unexpired risk. The methods adopted to provide the reserve shall be determined by the actuary in accordance with the characteristics of the types of insurance.

A claim reserve is estimated based on the loss development triangle method. The major assumptions are loss development factors and expected claim rates; this results in an estimate of ultimate claim costs. The loss development factors and expected loss ratios are based on the Company’ s historical claim experience.

For life insurance, health insurance, or annuities with an insurance term over one year, a deficiency reserve is provided when the actual premium written is less than the premium on the policy reserve prescribed by the competent authority. In addition, the Company shall evaluate expected future claims and expenses for in-force contracts with contract term less than one year and for accident insurance contracts with terms over one year, and if the amount exceeds unearned premium reserve and expected future premium income, a premium deficiency reserve should be provided for the difference.

A liability adequacy test is performed based on the Life-Insurance Sector Actuarial Practice Guidance of IFRS 4 Contracts Classification and Liability Adequacy Test issued by the Actuarial Institute of the Republic of China. The Company performs the liability adequacy test using estimates of future insurance benefits, premiums, and related fees, and other reasonable current estimates of future cash flows under its insurance contracts.

The professional judgment applied to the above-mentioned liability evaluation process will affect the movement in the insurance liability.

(c) Judgment of whether the Company has substantive control over its investees

The Company previously owned 30.71% outstanding shares of Fuh Hwa Securities Investment Trust Co., Ltd., and up to 30.75% of outstanding shares along with other associates. The remaining of shares had been held by minority shareholders and corporate shareholders who are related parties to each other and hold more than 5% of shares. Based on the previous experience, the Company still cannot obtain more than half of the total number of the directors easily, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it had been determined that the Company only had had significant influence on Fuh Hwa Securities Investment Trust Co., Ltd.

The Company sold its entire shares in Fuh Hwa through the equity transactions and accounting treatment on March 20, 2023, based on a resolution approved during the board meeting held on December 29, 2022, resulting in the Company to lose significant influence over Fuh Hwa as of December 31, 2023.

(6) Explanation of significant accounts:

(a) Cash and Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 2,865	4,285
Bank deposits	31,591,830	33,954,221
Reverse repurchase agreement	29,764,683	13,868,855
	$ 61,359,378	**47,827,361**

(b) Accounts Receivables

The accounts receivables were as follows:

	December 31, 2023	December 31, 2022
Notes receivable	$ 73,532	58,938
Interest receivable	8,668,463	8,931,134
Other receivables	2,090,840	846,000
Other receivables－delinquent receivables	377,797	126,422
	11,210,632	9,962,494
Less: Allowance－interest receivable	(19,132)	(19,512)
Allowance－other receivables－delinquent receivables	(67,481)	(22,356)
	$ 11,124,019	**9,920,626**

The movement in allowance for interest receivable is presented in Note 6(c).

(Continued)

(c) Financial Assets

The financial assets and liabilities held by the Company were as follows:

Item		December 31, 2023	December 31, 2022
Financial assets measured at FVTPL:			
Mandatorily measured at FVTPL:			
Common stocks	$	50,464,627	29,150,454
Preferred stocks		17,142	17,436
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps		13,143,750	6,035,151
Financial bonds		4,354,366	4,254,628
Beneficiary certificates and others		37,859,726	17,704,190
Foreign stocks		220,735	2,143,561
Foreign depository receipts		-	368,560
Foreign bonds		1,678,760	1,657,683
Foreign beneficiary certificates		7,898,700	17,683,329
	$	**115,637,806**	**79,014,992**
Financial liabilities measured at FVTPL:			
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	**$**	**62,114**	**3,389,686**
Financial assets measured at FVOCI:			
Debt investments at FVOCI:			
Government bonds	$	-	9,888,641
Corporate bonds		-	19,095,238
Financial bonds		-	2,743,401
Foreign bonds		2,726,152	11,806,891
		2,726,152	43,534,171
Equity investments measured at FVOCI:			
Unquoted stocks		581,275	641,321
	$	**3,307,427**	**44,175,492**
Financial assets at amortized cost:			
Government bonds	$	93,806,447	92,918,241
Corporate bonds		66,090,092	59,493,218
Financial bonds		15,272,624	21,174,934
Beneficiary certificates		999,966	1,999,926
Foreign bonds		850,441,273	834,605,379
Less: Guarantee deposits paid		(13,140,570)	(9,357,840)
	$	**1,013,469,832**	**1,000,833,858**

(Continued)

(i) Financial assets and liabilities measured at FVTPL

1) Gain or loss on valuation of financial assets recognized in the account of gain or loss on financial assets (liabilities) measured at FVTPL were gain amounted to $20,948,386 thousand and loss amounted to $3,817,730 thousand for the years ended December 31, 2023 and 2022, respectively.

2) Derivatives

The Company's derivative instruments included forward foreign exchange contracts and foreign exchange swaps contracts. Relevant information is as follows:

a) Type, purpose, contract (principal) value and carrying amount

The Company's forward foreign exchange contracts and foreign exchange swaps contracts are mainly used to avoid the risk arise from changing in interest rate.

The Company's hedging strategy is aimed to avoid most of the market price risk. The Company uses derivatives (which fair values are inversely proportional to the assets being hedged) as hedging instruments and assesses it regularly. However, the derivatives do not meet the conditions of hedge accounting, thus, they are classified as financial assets held for trading. The details of the derivative instruments held by the Company which does not meet the conditions of hedge accounting are as follows:

	December 31, 2023			December 31, 2022		
Items	Carrying amount	Currencies	Amount	Carrying amount	Currencies	Amount
Financial assets measured at FVTPL:						
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	**$ 13,143,750**	USD	13,909,000	**6,035,151**	USD	8,575,000
Financial liabilities measured at FVTPL:						
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	$ 19,595	USD	50,000	3,137,667	USD	7,468,000
Forward foreign exchange contracts	42,519	AUD	35,000	123,484	AUD	210,100
Forward foreign exchange contracts	-	NZD	-	128,535	NZD	106,000
	$ 62,114			**3,389,686**		

b) Fair Value

The fair value of the derivative is the amount that the Company may claim or have to pay if the contract is terminated on the reporting date. It generally includes unrealized gains and losses from outstanding contracts for the current period. The fair value of the Company's derivatives is calculated from the quotation of financial institutions.

(Continued)

c) Presentation of derivatives on financial statement

Derivatives of the Company (including foreign exchange forward) presented under balance sheet are as follows:

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	**$ 13,143,750**	**6,035,151**
Financial liabilities at fair value through profit or loss	**$ 62,114**	**3,389,686**

(ii) Financial assets measured at FVOCI:

1) Debt instruments measured at FVOCI

a) The Company identifies that debt instruments are held within a business model whose main objective is achieved both by collecting contractual cash flows and by selling securities, and recognized these instruments as financial assets measured at FVOCI.

b) The accumulated loss allowance for the years ended December 31, 2023 and 2022 derived from financial assets measured at FVOCI are as follows:

	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Sum
Balance as of January 1, 2023	$ 4,723	-	-	4,723
Loss allowance on net measurement	(112)	-	-	(112)
Reclassification of financial assets into amortized cost	(4,565)	-	-	(4,565)
Foreign exchange and other differences	(4)	-	-	(4)
Balance as of December 31, 2023	**$ 42**	**-**	**-**	**42**
Balance as of January 1, 2022	$ 2,011	-	-	2,011
Loss allowance on net measurement	2,455	-	-	2,455
Additions in the current period	559	-	-	559
Disposals in the current period	(308)	-	-	(308)
Foreign exchange and other differences	6	-	-	6
Balance as of December 31, 2022	**$ 4,723**	**-**	**-**	**4,723**

As of December 31, 2023 and 2022, the accumulated impairment loss on interest receivable from financial assets measured at FVOCI were $0 thousand and $21 thousand, respectively.

As the carry amount of the financial assets measured at FVOCI is presented at fair value, the loss allowance described above has not been presented in the balance sheet.

2) Equity instruments measured at FVOCI

a) The Company identifies that equity instruments are held within a business model whose main objective is to hold the securities for the long term, and recognized these instruments as financial assets held for sale and financial assets measured at FVOCI.

b) The Company did not dispose, or receive any dividends from, the equity instruments designated as FVOCI for the years ended December 31, 2023 and 2022.

	2023	2022
Disposals in the current period	$ 1,291	3,681
Holding at the reporting date	12,354	135,813
	$ 13,645	**139,494**

For the years ended December 31, 2023 and 2022, the investee company reduced its capital and refunded its share capital. Therefore, the derecognition were designated as shares at FVOCI as follows:

	2023	2022
Fair value when derecognize	**$ 215,702**	**27,978**

(iii) Financial assets measured at amortized costs

1) The accumulated loss allowance for the years ended December 31, 2023 and 2022, derived from financial assets measured at amortized costs (including statutory refundable deposits) are as follows:

	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Sum
Balance as of January 1, 2023	$ 104,343	-	821,709	926,052
Due to changes in financial instruments recognized at the beginning of the period:				
Financial assets derecognized in the current period	(3,653)	-	-	(3,653)
Loss allowance on net measurement	(48,098)	-	(2,621)	(50,719)
Additions in the current period	84	-	-	84
Reclassification of financial assets at fair value through other comprehensive income	4,565	-	-	4,565
Foreign exchange and other differences	60	-	722	782
Balance as of December 31, 2023	**$ 57,301**	**-**	**819,810**	**877,111**

(Continued)

	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Sum
Balance as of January 1, 2022	$ 26,415	-	-	26,415
Due to changes in financial instruments recognized at the beginning of the period:				
Converted to lifetime expected credit loss - credit loss	(514)	-	514	-
Financial assets derecognized in the current period	(2,135)	-	-	(2,135)
Loss allowance on net measurement	72,261	-	821,139	893,400
Additions in the current period	6,043	-	-	6,043
Foreign exchange and other differences	2,273	-	56	2,329
Balance as of December 31, 2022	**$ 104,343**	**-**	**821,709**	**926,052**

As of December 31, 2023 and 2022, the accumulated impairment losses on interest receivable from financial assets measured at amortized cost were $19,132 thousand and $19,491 thousand, respectively. As of December 31, 2023 and 2022, the accumulated impairment loss on guarantee deposits paid were $154 thousand and $118 thousand.

2) For the years ended December 31, 2023 and 2022, the current gains (losses) of financial assets measured at amortized costs and the derecognized carrying amount are as follows:

	2023	2022
Derecognized carrying amount	**$ 32,379,305**	**21,678,001**
Recognized current gain	**$ (322,931)**	**2,026,181**

The Company sells its financial assets measured at amortized cost if the bond issuer has redeemed units prior to the maturity date, the credit risk of the bond issuer has increased, the individual and total sale are not material amount, and the financial asset is due to expire and which the selling price is close to the rest of the contractual cash flows.

(iv) Please refer to note 12(c) for the Company's information about reclassification on financial assets.

(v) According to the insurance law, the Company uses government bonds as business security guarantee and as security deposit for foreign exchange transactions. For the related information, please refer to note 8.

(vi) Disclosure of credit, currency, interest rate risks, and financial risk management related to financial products of the Company, please refer to note 6(aa).

(Continued)

(vii) The Company has applied IFRS 9 together with IFRS 4 "Insurance Contracts" in 2018 using the "overlay approach" to recognize the gains and losses. The financial assets eligible for the overlay approach in connection with the insurance contracts issued by the Company are presented below:

	December 31, 2023	December 31, 2022
Financial assets measured at FVTPL:		
Common stocks	$ 50,464,627	29,150,454
Preferred stocks	17,142	17,436
Beneficiary certificates and others	37,859,726	17,704,190
Financial bonds	4,354,366	4,254,628
Foreign beneficiary securities	7,898,700	17,683,329
Foreign stocks	220,735	2,143,561
Foreign depository receipts	-	368,560
Foreign bonds	1,678,760	1,657,683
Total	**$ 102,494,056**	**72,979,841**

For the years ended December 31, 2023 and 2022, the reclassification of profit or loss and other comprehensive income as a result of designating financial assets with the overlay method is as follows:

	2023	2022
Gains (losses) on adopting IFRS 9	$ 18,134,323	(10,167,129)
Less: Gains (losses) if IAS 39 were adopted	7,622,108	(6,945,893)
Gains (losses) adjustment on adopting the overlay approach	**$ 10,512,215**	**(3,221,236)**

Also, the loss increased from $946,716 thousand to $11,458,931 thousand, and the loss decreased from $67,822,759 thousand to $64,601,523 thousand, in financial assets measured at FVTPL for the years ended December 31, 2023 and 2022 , respectively.

In relation to financial assets which did not fulfill the conditions to adopt the overlay approach in the past, the Company has not designated these financial assets to adopt the overlay approach in the current year, although they fulfill the conditions for the years ended December 31, 2023 and 2022. Hence, there was no change in designation in the current year.

(d) Investments under the equity method

The Company's financial information for investments in associates under the equity method that were individually insignificant at the end of the financial reporting period, and the carrying amount were as follows:

	December 31, 2023	December 31, 2022
Associates	**$ 3,723,204**	**5,189,087**

(Continued)

(i) Associates

The Company acquired the shares of NFC II Renewable Power Co., Ltd. for $157,500 thousand on March 25, 2022, holding 21% of outstanding shares; the Company acquired the new shares of CMG International One Co. Ltd. and CMG International Two Co. Ltd. for $900,000 thousand and $1,125,000 thousand on May 25, 2022, respectively, holding 45% of outstanding shares of both companies.

The investments in associates that the Company invested in have quoted prices in active market are as follows:

	December 31, 2023	December 31, 2022
Carrying amount	**$ 101,278**	**96,943**
Fair value	**$ 83,738**	**65,864**

The Company's financial information for investments in individually insignificant associates under the equity method at the reporting date was as follows. The relevant financial information is included in the financial statements.

	2023	2022
The amounts belong to the Company:		
Income before income tax from continuing operations	$ 33,836	218,440
Other comprehensive income (loss), net	1,359	14,844
Comprehensive income	**$ 35,195**	**233,284**

The Company sold its entire shares in Fuh Hwa Securities Investment Trust Co., Ltd. with the approval of its board on December 29, 2022, and the equity transactions and accounting treatment to dispose its entire shares in Fu Hwa had been done on March 20, 2023. The Company’s proceeds and investment income (accounted for other net income from investments) amounted to $2,755,553 thousand and $1,254,491 thousand, respectively.

(ii) Collateral

As of December 31, 2023 and 2022, the aforesaid investments under the equity method were not pledged as collateral.

(e) Investment property

	Land	Buildings	Total
Balance at January 1, 2023	$ 15,808,148	3,046,419	18,854,567
Follow-up cost	-	6,084	6,084
Disposals	(31,464)	(11,540)	(43,004)
Gain (loss) on fair value adjustment of investment property	40,370	(34,403)	5,967
Balance at December 31, 2023	**$ 15,817,054**	**3,006,560**	**18,823,614**

(Continued)

	Land	Buildings	Total
Balance at January 1, 2022	$ 19,382,369	4,460,455	23,842,824
Follow-up cost	-	8,537	8,537
Disposals	(4,882,071)	(2,058,820)	(6,940,891)
Transfers from property and equipment	1,410,993	510,643	1,921,636
Gain (loss) on fair value adjustment of investment property	(103,143)	125,604	22,461
Balance at December 31, 2022	**$ 15,808,148**	**3,046,419**	**18,854,567**

(i) Investment property is a commercial real estate leased to others, for more information please refer to note 6(v).

(ii) The fair value of investment properties was based on a valuation by a qualified independentappraiser who performed the appraisal based on the "Regulations on Real Estate Appraisal",with the valuation dates on December 31, 2023 and 2022

Name of the appraisal firm	December 31, 2023	December 31, 2022
HomeBan Real Estate Appraisers Joint Firm	Li, Ching Tang	
CCIS Real Estate Joint Appraisers Firm	Wu, Chih Hao, Li, Wei Ju	
Jin Han Real Estate Appraisers Joint Firm		Wu, Yu Chun, Chen, Yi Chun
REPro International Appraisals		Tsai, Yu Hsiang, Hsu, Hsiang Yi

(iii) The fair value of investment property is based on a valuation by a professional evaluation agency and supported by market evidence. Appraising methods include the comparison approach, income approach (including direct capitalization method and Discount cash flow (DCF) method). Commercial office buildings are appraised mainly using the comparison approach and income approach because of the market liquidity, and easier access to comparable sales and rental cases in the neighboring areas. Marketplaces depending on their characteristics, terms of rental contracts and reference of similar cases are generally appraised using the comparison approach as a primary method as well as cost approach, direct capitalization method and DCF method of the income approach. Factories are appraised by comparison approach, capitalization method of the income approach, and cost approach.

The inputs applied are as follows:

	December 31, 2023	December 31, 2022
Income capitalization rate	about0.87%~2.52%	about1.75%~3.23%
Discount rate	-	-

Professional valuation agencies use the market extraction method, search several comparable properties similar to the subject property, and consider the liquidity risk and future disposal risk premium to decide on the income capitalization rate and discount rate.

(Continued)

The investment properties held by the Company are subsequently measured using the fair value model, and categorized into Level 3. When the main inputs, discount rate and income capitalization rate, has increased, the fair value will decrease, and vice versa.

As of December 31, 2023 and 2022, the Company' s investment property was not used as collaterals.

(f) Loans

	December 31, 2023	
	Normal loan	Delinquent loan
Policy loans	$ 31,664,195	-
Automatic premium loans	11,646,671	-
Secured loans	24,957,605	2,378
	68,268,471	2,378
Less: Loss allowance	(373,190)	(1,181)
	$ 67,895,281	**1,197**

	December 31, 2022	
	Normal loan	Delinquent loan
Policy loans	$ 30,526,503	-
Automatic premium loans	11,960,426	-
Secured loans	27,176,907	-
	69,663,836	-
Less: Loss allowance	(407,618)	-
	$ 69,256,218	**-**

As of December 31, 2023, all of the Company's receivable past due more than 6 months has been transferred to the delinquent loan. As of December 31, 2022, there was no receivable past due more than 6 months.

(Continued)

For the years ended December 31, 2023 and 2022, the loss allowances recognized and eliminated were as follows:

	For the years ended December 31, 2023					
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Loss allowance recognized on implementation of IFRS 9	Loss allowance based on "Guidelines for Handling Assessment of Assets, Loans overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"	Total
Opening balance	$ -	5	95	100	407,518	407,618
－Reclassification to credit loss	-	(4)	4	-		-
－Derecognition of financial assets in the period	-	-	(3)	(3)		(3)
Loss allowance on net measurement	4	-	(13)	(9)		(9)
Addition of new financial assets	1	-	-	1		1
Loss allowance based on "Guidelines for Handling Assessment of Assets, Loans overdue, Receivable on Demand and Bad Debts by Insurance Enterprises:"-movement in the current period	-	-	-	-	(33,245)	(33,245)
Foreign exchange and other differences	-	-	9	9		9
Closing balance	**$ 5**	**1**	**92**	**98**	**374,273**	**374,371**

	For the years ended December 31, 2022					
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Loss allowance recognized on implementation of IFRS 9	Loss allowance based on "Guidelines for Handling Assessment of Assets, Loans overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"	Total
Opening balance	$ 6	4	686	696	437,340	438,036
－Derecognition of financial assets in the period	-	-	(71)	(71)		(71)
Loss allowance on net measurement	(1)	(3)	(520)	(524)		(524)
Loss allowance based on "Guidelines for Handling Assessment of Assets, Loans overdue, Receivable on Demand and Bad Debts by Insurance Enterprises:"-movement in the current period	-	-	-	-	(29,822)	(29,822)
Foreign exchange and other differences	(5)	4	-	(1)		(1)
Closing balance	**$ -**	**5**	**95**	**100**	**407,518**	**407,618**

(g) Reinsurance reserve assets

The Company's net balances of reinsurance reserve assets were as follows:

	December 31, 2023	December 31, 2022
Claims and payment recoverable from reinsurers	$ 1,385,976	1,291,244
Intercompany reinsurance receivables	34,209	22,710
	1,420,185	1,313,954
Reinsurance reserve asset:		
Ceded unearned premium reserve	496,095	431,129
Ceded claims reserve	634,250	459,605
	1,130,345	890,734
Total	**$ 2,550,530**	**2,204,688**

(Continued)

(h) Property and equipment

The cost and depreciation of the property and equipment of the Company were as follows:

	2023			
	Land	**Buildings**	**Computer equipment and others**	**Total**
Cost:				
Balance at January 1, 2023	$ 6,922,109	4,370,119	1,298,562	12,590,790
Additions	-	11,393	172,845	184,238
Scraps	-	-	(32,130)	(32,130)
Disposals	-	-	(848)	(848)
Balance at December 31, 2023	**$ 6,922,109**	**4,381,512**	**1,438,429**	**12,742,050**
Accumulated depreciation:				
Balance at January 1, 2023	$ -	892,858	925,573	1,818,431
Depreciation (note)	-	118,220	124,031	242,251
Scraps	-	-	(32,014)	(32,014)
Disposals	-	-	(848)	(848)
Balance at December 31, 2023	**$ -**	**1,011,078**	**1,016,742**	**2,027,820**
Carrying amount:				
Balance at January 1, 2023	**$ 6,922,109**	**3,477,261**	**372,989**	**10,772,359**
Balance at December 31, 2023	**$ 6,922,109**	**3,370,434**	**421,687**	**10,714,230**

Note: Including capitalized cost $17,607 thousand.

	2022			
	Land	**Buildings**	**Computer equipment and others**	**Total**
Cost:				
Balance at January 1, 2022	$ 7,836,239	4,644,959	1,106,320	13,587,518
Additions	-	-	238,114	238,114
Follow-up cost	-	135,695	-	135,695
Scraps	-	(269)	(45,872)	(46,141)
Disposals	(83,572)	(50,438)	-	(134,010)
Revaluation surplus	580,435	292,936	-	873,371
Transfers to investment property	(1,410,993)	(652,764)	-	(2,063,757)
Balance at December 31, 2022	**$ 6,922,109**	**4,370,119**	**1,298,562**	**12,590,790**
Accumulated depreciation:				
Balance at January 1, 2022	$ -	940,786	861,246	1,802,032
Depreciation (note)	-	116,047	104,601	220,648
Scraps	-	(115)	(40,274)	(40,389)
Disposals	-	(21,739)	-	(21,739)
Transfers to investment property	-	(142,121)	-	(142,121)
Balance at December 31, 2022	**$ -**	**892,858**	**925,573**	**1,818,431**

(Continued)

	2022			
	Land	**Buildings**	**Computer equipment and others**	**Total**
Carrying amount:				
Balance at January 1, 2022	**$ 7,836,239**	**3,704,173**	**245,074**	**11,785,486**
Balance at December 31, 2022	**$ 6,922,109**	**3,477,261**	**372,989**	**10,772,359**

Note: Including capitalized cost $895 thousand.

The Company assesses whether the property and equipment are impaired at the end of each reporting period, and if there is any indication of impairment, then the Company estimates the recoverable amount.

(i) Right-of-use assets

The Company leases many assets including buildings, office equipment and transportation equipment. Information about leases for which the Company as a lessee is presented below:

	Buildings	**Office equipment**	**Transportation equipment**	**Total**
Cost:				
Balance at January 1, 2023	$ 371,613	71,781	9,752	453,146
Additions	297,044	59,624	4,167	360,835
Derecognized	(290,082)	(24,477)	(3,818)	(318,377)
Balance at December 31, 2023	**$ 378,575**	**106,928**	**10,101**	**495,604**
Balance at January 1, 2022	$ 392,752	55,315	18,022	466,089
Additions	158,594	21,419	-	180,013
Derecognized	(179,733)	(4,953)	(8,270)	(192,956)
Balance at December 31, 2022	**$ 371,613**	**71,781**	**9,752**	**453,146**
Accumulated depreciation:				
Balance at January 1, 2023	$ 235,790	38,375	6,064	280,229
Depreciation	161,017	21,001	2,202	184,220
Derecognized	(283,036)	(24,477)	(3,818)	(311,331)
Balance at December 31, 2023	**$ 113,771**	**34,899**	**4,448**	**153,118**
Balance at January 1, 2022	$ 188,041	30,872	8,717	227,630
Depreciation	170,503	12,456	4,020	186,979
Derecognized	(122,754)	(4,953)	(6,673)	(134,380)
Balance at December 31, 2022	**$ 235,790**	**38,375**	**6,064**	**280,229**
Carrying amount:				
Balance at January 1, 2023	**$ 135,823**	**33,406**	**3,688**	**172,917**
Balance at December 31, 2023	**$ 264,804**	**72,029**	**5,653**	**342,486**
Balance at January 1, 2022	**$ 204,711**	**24,443**	**9,305**	**238,459**
Balance at December 31, 2022	**$ 135,823**	**33,406**	**3,688**	**172,917**

(Continued)

(j) Other assets

	December 31, 2023	December 31, 2022
Refundable deposits	$ 13,191,626	9,586,457
Prepayments	150,512	361,107
Others	773,741	384,121
	$ 14,115,879	**10,331,685**

(k) Separate Account for Unit-Linked Products

The Company's separate account for unit-linked products was as follows:

	December 31, 2023		
	Separate accounts－insurance contracts and financial instruments with discretionary participation features	Separate accounts－financial instruments without discretionary participation features	Total
Separate account assets for unit-linked products:			
Financial assets at FVTPL	$ 68,264,861	103,618,883	171,883,744
Bank deposits	3,413,906	794,866	4,208,772
Other receivables	915,044	-	915,044
	$ 72,593,811	**104,413,749**	**177,007,560**
Separate account liabilities for unit-linked products:			
Separate account value reserve	$ 68,566,822	104,413,749	172,980,571
Other payables	4,026,989	-	4,026,989
	$ 72,593,811	**104,413,749**	**177,007,560**

(Continued)

	December 31, 2022		
	Separate accounts－insurance contracts and financial instruments with discretionary participation features	**Separate accounts－financial instruments without discretionary participation features**	**Total**
Separate account assets for unit-linked products:			
Financial assets at FVTPL	$ 60,240,114	76,833,253	137,073,367
Bank deposits	3,534,036	1,489,955	5,023,991
Other receivables	904,538	-	904,538
	$ 64,678,688	**78,323,208**	**143,001,896**
Separate account liabilities for unit-linked products:			
Separate account value reserve	$ 60,457,197	78,323,208	138,780,405
Other payables	4,221,491	-	4,221,491
	$ 64,678,688	**78,323,208**	**143,001,896**

The related revenues and expenses of separate accounts－insurance contracts and financial instruments with discretionary participation features were as follows:

	2023	**2022**
Separate account for unit-linked products revenues:		
Premium income	$ 9,109,645	8,301,403
Gain (loss) on valuation of financial liability at FVTPL	7,091,360	(8,069,884)
Gain (loss) on disposal of financial liability at FVTPL	(364,540)	(592,877)
Gain (loss) on exchange	(977,469)	279,175
Interest revenue	674,847	602,150
	$ 15,533,843	**519,967**
Separate account for unit-linked products expenses:		
Insurance benefits	$ 289,447	85,611
Early termination charge	5,306,485	4,281,382
Separate account value reserve net change	8,118,633	(5,579,911)
Management fee	1,819,278	1,732,885
	$ 15,533,843	**519,967**

As a result of selling investment-linked products, the Company received sales rebates from counterparties amounting to $1,599,194 thousand and $1,309,658 thousand for the years ended December 31, 2023 and 2022, respectively, which were recorded within fee income.

(Continued)

(l) Other payable

	December 31, 2023	December 31, 2022
Notes payable	$ 132	182
Claims and benefits payable	687,160	694,034
Due to reinsurers and ceding companies	1,698,147	1,558,138
Commissions payable	808,387	785,455
Other payables	2,819,591	1,004,236
Accrued Expenses	789,218	770,172
Accrued Interests	21,449	21,449
Taxes Payable	10,665	10,547
Collections payable	38,771	38,465
	$ 6,873,520	**4,882,678**

(m) Bonds payable

	December 31, 2023	December 31, 2022
Cumulative perpetual subordinated debts	**$ 8,500,000**	**8,500,000**

(i) The Company issued the first perpetual cumulative subordinated corporate bond in accordance with Jin-Guan-Bao-Shou No. 10302131650 and Jin-Guan-Cheng-Fa No.1030048645 on December 29, 2014. The term sheet for the bond was set as follows:

1) Issue Amount: $5,000,000 thousand.

2) Principal Amount and Issue Price: The issued bond sells at the par value of 1,000 thousand.

3) Maturity date: No maturity date

4) Coupon rate: Fixed rate of 3.9% from the date of issuance to December 29, 2024, and adjusted to 4.9% if the Company does not redeem the bond in 10 years from the date of issuance.

5) Payment of interest: Interest is payable annually upon coupon rate, beginning on the issue date.

6) Redemption: The corporate bond has no maturity date. After ten years of issuance, if the Company's risk-based capital ratio after redemption, upon calculation, is more than twice the required minimum risk based capital ratio at the time of calculation, with the consent of the competent authority, the bond may be redeemed earlier at face value plus accrued interest. The bond can be redeemed once quarterly.

7) Form of bond: No physical certificate issued.

(Continued)

(ii) The Company issued the first perpetual cumulative subordinated corporate bond in accordance with Jin-Guan-Bao-Shou No. 10502121190 and letter No. 10500315231 of Taipei Exchange Rules Governing Management on November 24, 2016. The term sheet for the bond was set as follows:

1) Amount Issued: $2,500,000 thousand.

2) Principal Amount and Issue Price: The issued bond sells at the par value of 1,000 thousand.

3) Maturity date: No maturity date.

4) Coupon rate: Fixed rate of 3.7% from the date of issuance to November 24, 2026, and adjusted to 4.7% if the Company does not redeem the bond in 10 years from the date of issuance.

5) Payment of interest: Interest is payable annually upon coupon rate, beginning on the issue date.

6) Redemption: The corporate bonds have no maturity date. After ten years of issuance, if the Company's risk-based capital ratio after redemption, upon calculation, is more than twice the required minimum risk based capital ratio at the time of calculation, with the consent of the competent authority, the bond may be redeemed earlier at face value plus accrued interest. The bond can be redeemed once quarterly.

7) Form of bond: No physical certificate issued.

(iii) The Company issued the first perpetual cumulative subordinated corporate bond in accordance with Jin Guan Bao Shou No. 1100424942 and letter No. 11000097201 of Taipei Exchange Rules Governing Management on September 10, 2021 The term sheet for the bond was set as follows:

1) Amount Issued: $1,000,000 thousand

2) Principal Amount and Issue Price: The issued bond sells at the par value of 1,000 thousand.

3) Maturity date: No maturity date.

4) Coupon rate: Fixed rate of 3.3%.

5) Payment of interest: Interest is payable annually upon coupon rate, beginning on the issue date.

6) Redemption: The corporate bonds have no maturity date. After ten years of issuance, if the Company's risk based capital ratio after redemption, upon calculation, is more than twice the required minimum risk based capital ratio at the time of calculation, with the consent of the competent authority, the bond may be redeemed earlier at face value plus accrued interest. The bond can be redeemed once quarterly.

7) Form of bond: No physical certificate issued.

(Continued)

(n) Lease liabilities

The Company Lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Within one year	$ 135,515	123,541
One to five years	207,468	51,093
	$ 342,983	**174,634**

For maturity analysis, please refer to note 6(aa), financial risk management.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	**$ 3,503**	**2,458**
Variable lease payments not included in the measurement of lease liabilities	**$ 5,248**	**5,047**
Expenses relating to short-term leases	**$ 14,833**	**33,433**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 160**	**125**

The amounts recognized in the statement of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	**$ 209,158**	**228,180**

(i) Real estate leases

The Company leases buildings for its office space, which typically run with lease terms ranging from 2 to 5 years. The leases of office buildings do not contain any extension and cancellation options.

(ii) Other leases

The Company leases its office equipment and transportation equipment with lease terms ranging from 3 to 5 years. Those leases do not contain any extension and cancellation options.

The leases of equipment are short-term or leases of low-value items. Therefore, the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(Continued)

(o) Insurance liabilities

	December 31, 2023	December 31, 2022
Unearned premium reserve	$ 5,277,681	4,886,672
Claims reserve	2,331,310	2,077,828
Policy reserve	1,260,406,963	1,242,463,092
Special reserve	793,375	755,758
Premium deficiency reserve	1,428,172	1,494,572
	1,270,237,501	1,251,677,922
Ceded unearned premium reserve	496,095	431,129
Ceded claims reserve	634,250	459,605
	1,130,345	890,734
Net	**$ 1,269,107,156**	**1,250,787,188**

The reserves of the Company’ s insurance contracts and financial instruments containing discretionary participation features and the reconciliation schedules were as follows:

(i) Unearned premium reserve

1) The details of the Company's unearned premium reserve were as follows:

	December 31, 2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance	$ 3,854	-	3,854
Personal accident insurance	2,223,759	-	2,223,759
Personal health insurance	2,825,115	-	2,825,115
Group insurance	167,309	-	167,309
Investment-linked insurance	57,644	-	57,644
Total	5,277,681	-	5,277,681
Less: Ceded unearned premium reserve			
Personal life insurance	$ 82,561	-	82,561
Personal accident insurance	15,252	-	15,252
Personal health insurance	391,647	-	391,647
Group insurance	6,635	-	6,635
Total	496,095	-	496,095
Net	**$ 4,781,586**	**-**	**4,781,586**

(Continued)

	December 31, 2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance	$ 3,385	-	3,385
Personal accident insurance	2,012,406	-	2,012,406
Personal health insurance	2,640,269	-	2,640,269
Group insurance	173,183	-	173,183
Investment-linked insurance	57,429	-	57,429
Total	4,886,672	-	4,886,672
Less: Ceded unearned premium reserve			
Personal life insurance	$ 79,017	-	79,017
Personal accident insurance	18,209	-	18,209
Personal health insurance	327,592	-	327,592
Group insurance	6,311	-	6,311
Total	431,129	-	431,129
Net	**$ 4,455,543**	**-**	**4,455,543**

2) The reconciliations of changes in unearned premium reserve previously described were as follows:

	2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Balance as of January l, 2023	$ 4,886,672	-	4,886,672
Provision	5,978,892	-	5,978,892
Reversal of provision	(5,587,879)	-	(5,587,879)
Gain or loss on exchange	(4)	-	(4)
Balance as of December 31, 2023	5,277,681	-	5,277,681
Less: Ceded unearned premium reserve:			
Net balance as of January 1, 2023	$ 431,129	-	431,129
Increase	496,149	-	496,149
Decrease	(431,170)	-	(431,170)
Gain or loss on exchange	(13)	-	(13)
Net balance as of December 31, 2023	496,095	-	496,095
Balance as of December 31, 2023	**$ 4,781,586**	**-**	**4,781,586**

(Continued)

	2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Balance as of January l , 2022	$ 4,532,742	-	4,532,742
Provision	5,548,855	-	5,548,855
Reversal of provision	(5,195,007)	-	(5,195,007)
Gain or loss on exchange	82	-	82
Balance as of December 31, 2022	4,886,672	-	4,886,672
Less: Ceded unearned premium reserve:			
Net balance as of January 1, 2022	$ 365,791	-	365,791
Increase	431,051	-	431,051
Decrease	(366,013)	-	(366,013)
Gain or loss on exchange	300	-	300
Net balance as of December 31, 2022	431,129	-	431,129
Balance as of December 31, 2022	**$ 4,455,543**	**-**	**4,455,543**

(ii) Claims reserve

1) The details of the Company’ s claims reserve and claim reserve were as follows:

	December 31, 2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance			
-reported and unpaid	$ 59,380	-	59,380
Personal accident insurance			
-reported and unpaid	62,513	-	62,513
-unreported and unpaid	429,674	-	429,674
Personal health insurance			
-reported and unpaid	382,731	-	382,731
-unreported and unpaid	1,153,670	-	1,153,670
Group insurance			
-reported and unpaid	27,350	-	27,350
-unreported and unpaid	215,220	-	215,220
Investment-linked insurance			
-reported and unpaid	772	-	772
Total	2,331,310	-	2,331,310

(Continued)

	December 31, 2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Less: Ceded claims reserve			
Personal life insurance	$ 233,925	-	233,925
Personal accident insurance	5,390	-	5,390
Personal health insurance	394,935	-	394,935
Total	634,250	-	634,250
Net	**$ 1,697,060**	**-**	**1,697,060**

	December 31, 2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance			
-reported and unpaid	$ 68,669	-	68,669
Personal accident insurance			
-reported and unpaid	51,172	-	51,172
-unreported and unpaid	408,965	-	408,965
Personal health insurance			
-reported and unpaid	308,637	-	308,637
-unreported and unpaid	981,778	-	981,778
Group insurance			
-reported and unpaid	27,358	-	27,358
-unreported and unpaid	203,283	-	203,283
Investment-linked insurance			
-reported and unpaid	27,966	-	27,966
Total	2,077,828	-	2,077,828
Less: Ceded claims reserve			
Personal life insurance	$ 166,726	-	166,726
Personal accident insurance	1,875	-	1,875
Personal health insurance	291,004	-	291,004
Total	459,605	-	459,605
Net	**$ 1,618,223**	**-**	**1,618,223**

(Continued)

2) The reconciliations of changes in claims reserve and ceded claim reserve previously described were as follows:

	2023		
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Total**
Balance as of January 1, 2023	$ 2,077,828	-	2,077,828
Provision	2,328,286	-	2,328,286
Reversal of provision	(2,074,652)	-	(2,074,652)
Gain or loss on exchange	(152)	-	(152)
Balance as of December 31, 2023	2,331,310	-	2,331,310
Less: Ceded claims reserve:			
Net balance as of January l, 2023	$ 459,605	-	459,605
Increase	314,980	-	314,980
Decrease	(140,336)	-	(140,336)
Gain or loss on exchange	1	-	1
Net balance as of December 31, 2023	634,250	-	634,250
Balance as of December 31, 2023	**$ 1,697,060**	**-**	**1,697,060**

	2022		
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Total**
Balance as of January 1, 2022	$ 1,868,509	-	1,868,509
Provision	2,071,884	-	2,071,884
Reversal of provision	(1,863,077)	-	(1,863,077)
Gain or loss on exchange	512	-	512
Balance as of December 31, 2022	2,077,828	-	2,077,828
Less: Ceded claims reserve:			
Net balance as of January l, 2022	$ 283,847	-	283,847
Increase	279,491	-	279,491
Decrease	(103,744)	-	(103,744)
Gain or loss on exchange	11	-	11
Net balance as of December 31, 2022	459,605	-	459,605
Balance as of December 31, 2022	**$ 1,618,223**	**-**	**1,618,223**

(Continued)

(iii) Policy reserve

1) The details of the Company's policy reserve were as follows:

	December 31, 2023			
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Others**	**Total**
Personal life insurance	$ 895,463,705	-	-	895,463,705
Personal health insurance	355,672,137	-	-	355,672,137
Annuities insurance	239,391	6,356,250	-	6,595,641
Investment-linked insurance	1,759,497	-	-	1,759,497
Reversal of accident	10,008	-	-	10,008
Reserve for operating loss	-	-	677,110	677,110
Amount payable to insurance holders	-	-	228,865	228,865
Total	**$ 1,253,144,738**	**6,356,250**	**905,975**	**1,260,406,963**

	December 31, 2022			
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Others**	**Total**
Personal life insurance	$ 902,612,662	-	-	902,612,662
Personal health insurance	326,250,459	-	-	326,250,459
Annuities insurance	219,488	11,059,195	-	11,278,683
Investment-linked insurance	1,420,394	-	-	1,420,394
Reversal of accident	10,008	-	-	10,008
Reserve for operating loss	-	-	677,110	677,110
Amount payable to insurance holders	-	-	213,776	213,776
Total	**$ 1,230,513,011**	**11,059,195**	**890,886**	**1,242,463,092**

Amount payable to insurance holders are recognized in reserves in accordance with Bao-Jyu (Shou) No. 10704548180.

(Continued)

2) The reconciliations of changes in policy reserve previously described were as follows:

	2023			
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Others**	**Total**
Balance as of January 1, 2023	$ 1,230,513,011	11,059,195	890,886	1,242,463,092
Provision	95,393,880	(2,174,362)	15,089	93,234,607
Reversal of provision	(73,181,180)	(2,545,826)	-	(75,727,006)
Gain or loss on exchange	419,027	17,243	-	436,270
Balance as of December 31, 2023	**$ 1,253,144,738**	**6,356,250**	**905,975**	**1,260,406,963**

	2022			
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Others**	**Total**
Balance as of January 1, 2022	$ 1,175,324,215	18,471,573	907,282	1,194,703,070
Provision	101,070,370	(2,458,311)	(16,396)	98,595,663
Reversal of provision	(71,032,578)	(5,269,805)	-	(76,302,383)
Gain or loss on exchange	25,151,004	315,738	-	25,466,742
Balance as of December 31, 2022	**$ 1,230,513,011**	**11,059,195**	**890,886**	**1,242,463,092**

(iv) Special reserve

1) The details of the Company's special reserve were as follows:

	December 31, 2023			
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Others**	**Total**
Personal accident insurance	$ 86,536	-	-	86,536
Personal health insurance	558,666	-	-	558,666
Gain on appreciation of real estate	-	-	148,173	148,173
Total	**$ 645,202**	**-**	**148,173**	**793,375**

(Continued)

	December 31, 2022			
	Insurance Contract	Financial instruments containing discretionary participation features	Others	Total
Personal accident insurance	$ 82,850	-	-	82,850
Personal health insurance	524,735	-	-	524,735
Gain on appreciation of real estate	-	-	148,173	148,173
Total	**$ 607,585**	**-**	**148,173**	**755,758**

According to Tai-Tsai-Bao No. 831496851, the Company shall approve the special reserve for short-term products with low-dollar claims.

In addition, according to Article of "Regulations Governing Preparation of Financial and Operational Reports by Enterprises Engaging in Insurance of the Person", the fair value of the real estate has increased, the increase will be used to offset the adverse impact due to the initial application of IFRS, the remaining amount will be added to special debt provision. Based on Jin-Guan-Bao No. 10102515281 issued on November 30, 2012 and approved by the competent authority in 2013, the recovery of gain on appreciation of real estate special reserve does not include the surplus per share.

2) The reconciliations of changes in special reserve previously described were as follows:

	2023			
	Insurance Contract	Financial instruments containing discretionary participation features	Others	Total
Balance as of January l, 2023	$ 607,585	-	148,173	755,758
Provision	37,617	-	-	37,617
Balance as of December 31, 2023	**$ 645,202**	**-**	**148,173**	**793,375**

	2022			
	Insurance Contract	Financial instruments containing discretionary participation features	Others	Total
Balance as of January l, 2022	$ 670,413	-	148,173	818,586
Provision	(62,828)	-	-	(62,828)
Balance as of December 31, 2022	**$ 607,585**	**-**	**148,173**	**755,758**

(Continued)

(v) Premium deficiency reserve

1) The details of the Company's premium deficiency reserve were as follows:

	December 31, 2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance	$ 1,134,580	-	1,134,580
Personal health insurance	268,385	-	268,385
Group insurance	25,207	-	25,207
Total	**$ 1,428,172**	**-**	**1,428,172**

	December 31, 2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Personal life insurance	$ 1,303,843	-	1,303,843
Personal health insurance	175,501	-	175,501
Group insurance	15,228	-	15,228
Total	**$ 1,494,572**	**-**	**1,494,572**

2) The reconciliations of changes in premium deficiency reserve previously described were as follows:

	2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Balance as of January l, 2023	$ 1,494,572	-	1,494,572
Provision	(42,564)	-	(42,564)
Reversal of provision	(24,467)	-	(24,467)
Gain or loss on exchange	631	-	631
Balance as of December 31, 2023	**$ 1,428,172**	**-**	**1,428,172**

(Continued)

	2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Balance as of January l, 2022	$ 1,204,801	-	1,204,801
Provision	290,350	-	290,350
Reversal of provision	(19,682)	-	(19,682)
Gain or loss on exchange	19,103	-	19,103
Balance as of December 31, 2022	**$ 1,494,572**	**-**	**1,494,572**

(vi) Liability adequacy reserve

The Company tested the following liability adequacy in accordance with the IFRS 4 on December 31, 2023 and 2022:

1) The type of products using total premium evaluation method, the details of their liability adequacy reserve were as follows:

Insurance contracts and financial instruments containing discretionary participation features	December 31, 2023	December 31, 2022
Policy reserve	$ 1,259,490,980	1,241,562,199
Unearned premium reserve	5,100,699	4,703,853
Premium deficiency reserve	1,402,965	1,479,344
Other provisions of the law or voluntary increase for the strengthening of financial reserves	1,332,320	1,294,703
Carrying amount of insurance liability	**$ 1,267,326,964**	**1,249,040,099**
Estimated future cash flows amount	**$ 1,002,995,088**	**982,205,888**
Balance of liability adequacy reserve	**$ -**	**-**

The carrying amount of insurance liabilities is adequate compared with the amount using current estimates of future cash flows under insurance contracts on December 31, 2023 and 2022. As a result, the Company does not have to set aside the liability adequacy reserve.

2) The type of products using expected cost method, the details of their liability adequacy reserve were as follows:

Insurance contracts and financial instruments containing discretionary participation features	December 31, 2023	December 31, 2022
Unearned premium reserve	$ 176,982	182,819
Premium deficiency reserve	25,207	15,228
Carrying amount of insurance liability	**$ 202,189**	**198,047**
Expected premium income in the future	**$ 367,380**	**361,005**

(Continued)

Insurance contracts and financial instruments containing discretionary participation features	December 31, 2023	December 31, 2022
Expected claims and expenses in the future	$ 473,868	494,708
Balance of liability adequacy reserve	$ -	-

The carrying amount of insurance liabilities and expected premium income in the future is adequate compared with the expected claims and expenses of future under insurance contracts on December 31, 2023 and 2022. As a result, the Company does not have to set aside the liability adequacy reserve.

The Company does the following liability adequacy tests:

Method	The following two types of products are the test bases: (1)For Long Term Life Insurance, Universal Life Insurance, Investment Insurance (General account with value-added benefits), Long Term Health Insurance, Long Term Accident Insurance, Immediate Annuity Insurance and Interest-Sensitive Annuity Insurance / Variable Annuity Insurance Annuitization Policy, Interest-Sensitive Insurance, and One-Year Life Insurance, Accident Insurance and Health Insurance attached to the long-term insurance, use the "total premium evaluation method". (2)For Personal Life Insurance less than one year, Personal Health Insurance, Personal Accident Insurance, Travel Accident Insurance and Group Insurance (excluding Group Interest-Sensitive Annuity Insurance), use the "expected cost method".
Population	All valid contracts as a whole
Description of Important Assumptions	The Company adopts the assumption basis from the Appointed Actuary report to establish the actuarial assumptions for this test. Discount rate: Referring to the company overall portfolio investment yields rate under the best estimate scenario (adopt the unbiased hypothesis in 30 year later) stated in the Actuarial Standard of Practice in the Life Insurance Industry. Starting from 2012, the date of filing for financial report has been advanced to the end of March, the deadline for annual Appointed Actuary report is also adjusted accordingly. The application in practice is as follows: The discount rate of the liability adequacy test of the first quarter should be the same as that of the Appointed Actuary report in March. As for the related assumptions of the discount rate from the second to fourth quarter in the same year, they will be based according to the calculation used on the discount rate in the first quarter. When considering current information, the principle of consistency should be applied to the reevaluation of discount rate assumptions. Other key actuary assumptions: Other key actuary assumptions are set by the principle of actuarial assumption of reserve adequacy stated in the Actuarial Standard of Practice in the Life Insurance Industry.

(p) Reserve for insurance with nature of financial instrument

(i) The details of the reserve for the insurance contract with the nature of the financial instruments issued by the Company without the nature of unit-linked contracts and discretionary participation features are as follows:

	December 31, 2023	December 31, 2022
Life insurance	**$ -**	-

(ii) As mentioned above, the movements in the reserve for the insurance contract with the nature of the financial instruments are as follows:

	2023	2022
Ending balance (beginning balance)	**$ -**	-

(q) Reserves for fluctuation of foreign exchange

(i) According to the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves," the Company has provided a reserve for fluctuation of foreign exchange under liabilities for foreign investment assets (excluding non-investment-linked life insurance products denominated in foreign currencies). As of December 31, 2023 and 2022, the accumulated balances were $3,269,656 thousand and $7,380,760 thousand, respectively. The details of the reserve for fluctuation of foreign exchange of the Company were as follows:

	2023	2022
Beginning balance	$ 7,380,760	411,705
Addition:		
General provision	1,363,060	919,351
Additional provision	5,158,312	11,429,520
Subtotal	6,521,372	12,348,871
Recovery	(10,632,476)	(5,379,816)
Total	**$ 3,269,656**	**7,380,760**

The above-mentioned beginning balance, in accordance with the Regulations Governing Insurance Enterprises for Setting Aside Various Reserves, was reclassified from special catastrophe reserve of liabilities under the former ROC generally accepted accounting principles as of December 31, 2011, within the maximum limitation. For the special catastrophe reserve reclassified to reserve for fluctuation of foreign exchange as its beginning balance, the Company should provide the same amount as special earnings reserve within three years after the Regulations Governing Insurance Enterprises for Setting Aside Various Reserves are implemented. In addition, the Company should provide both the decrease in hedge cost due to the adoption of the reserve for fluctuation of the foreign exchange mechanism, and 10% of current-year net income as special earnings reserve every year. Please refer to note 6(x).

(Continued)

(ii) The effect on income, liabilities, and equity under the circumstance of not providing a reserve for fluctuation of foreign exchange was as follows:

Item	Amount without the adoption of reserve for fluctuation of foreign exchange	Amount with the adoption of reserve for fluctuation of foreign exchange	Effect
December 31, 2023			
Reserve for fluctuation of foreign exchange	$ -	3,269,656	3,269,656
Equity	42,556,692	39,940,967	(2,615,725)
December 31, 2022			
Reserve for fluctuation of foreign exchange	-	7,380,760	7,380,760
Equity	34,752,860	28,848,252	(5,904,608)

Item	Amount without the adoption of reserve for fluctuation of foreign exchange	Amount with the adoption of reserve for fluctuation of foreign exchange	Effect
2023			
Net income (loss)	$ (12,804,872)	(9,515,989)	3,288,883
Earnings per share (after tax)	(2.83)	(2.11)	0.72
2022			
Net loss	(8,083,558)	(13,658,802)	(5,575,244)
Earnings per share (after tax)	(2.57)	(4.34)	(1.77)

(iii) Hedge policy and risk exposure of foreign exchange

According to "Risk Management Best-Practice Principles for Insurance Enterprises (FSC Enterprise Risk Management Framework)" the Company set up a system of managing and hedging foreign exchange risk, including the control system of the foreign exchange exposure ratio, the calculation basis of the foreign exchange exposure ratio, the scope of the foreign exchange exposure and its relevant hedging instruments and strategies. The hedging strategy of the Company mainly relied on USD hedge supplemented by AUD and NZD hedge, and the hedging instruments include foreign exchange forwards, foreign exchange swaps and cross currency swaps contracts.

(Continued)

(r) Other liabilities

	December 31, 2023	December 31, 2022
Unearned receipts	$ 49,785	84,831
Guarantee deposits received	5,396,529	2,377,277
Others	173,142	140,901
	$ 5,619,456	**2,603,009**

(s) Provisions

	December 31, 2023	December 31, 2022
Employee benefit	$ 588,592	723,490
Others	3,858	13,601
	$ 592,450	**737,091**

Employee benefit reserves

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	$ 1,729,025	1,671,838
Fair value of plan assets	(1,140,433)	(948,348)
Recognized liabilities for defined benefit obligations	**$ 588,592**	**723,490**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Act) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $1,140,433 thousand for the year ended December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(Continued)

2) Movements in present value of the defined benefit obligations:

The movements in present value of defined benefit obligations for the Company in the financial year 2023 and 2022 were as follows:

		2023	2022
Defined benefit obligation at 1 January	$	1,671,838	1,708,193
Current service costs and interest cost		53,859	38,983
Remeasurements of defined benefit liability (asset)			
─ Actuarial gains and losses arising from demographic assumption adjustment		10,600	(7,404)
─ Actuarial gains and losses arising from financial assumption adjustment		69,725	82,954
─ Actuarial gains and losses arising from experience assumption adjustment		39,919	29,570
Benefits paid by the plan		(116,916)	(180,458)
Defined benefit obligation at 31 December	**$**	**1,729,025**	**1,671,838**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company in the financial year 2023 and 2022 were as follows:

		2023	2022
Fair value of plan assets at 1 January	$	948,348	843,292
Remeasurements of defined benefit liability			
─ The return on plan assets, excluding amounts included in interest		419	63,680
Contributions made		292,839	215,904
Benefits paid by the plan		(116,916)	(180,458)
Interest income on plan assets		15,743	5,930
Fair value of plan assets at 31 December	**$**	**1,140,433**	**948,348**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Operating cost	$	(2,297)	579
Administration expenses		40,413	32,474
	$	**38,116**	**33,053**

(Continued)

5) Actuarial gains and losses recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income were losses amounted to $119,825 thousand and $41,440 thousand for the years ended December 31, 2023 and 2022, respectively.

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.33%	1.67%
Future salary increasing rate	2.00%	2.00%

The Company expects to pay $1,285,611 thousand and $1,198,279 thousand in contributions to its defined benefit plans for 2023 and 2022, respectively.

The weighted average duration of the defined benefit obligation is both 14 years for the years ended December 31, 2023 and 2022.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the reporting date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2023 and 2022, the effects of changes in major actuarial assumptions on the defined benefit obligation were as follow:

	Effects on the defined benefit obligation	
	0.5% increase	0.5% decrease
December 31, 2023		
Discount rate	$ (101,943)	109,986
Future salary increasing rate	106,884	(100,130)
December 31, 2022		
Discount rate	(104,695)	113,373
Future salary increasing rate	110,644	(103,254)

The sensitivity analysis above is based on the analysis for single assumption change effects while other assumptions remain constant. In practice, many changes in assumptions are related. Sensitivity analysis method is in accordance with the method for calculating net defined benefit liability on balance sheet.

The sensitivity analysis method adopted in this period is the same as prior period.

(Continued)

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to$420,193 thousand and $199,360 thousand for the years ended December 31, 2023 and 2022, respectively.

(t) Retained premiums and retained claims and benefits

(i) Retained premiums

The Company's retained premiums were as follows:

	2023		
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Total**
Premium written	$ 77,628,438	5,695	77,634,133
Less: Reinsurance expense	3,315,048	-	3,315,048
Net change in unearned premium reserves	326,034	-	326,034
Subtotal	3,641,082	-	3,641,082
Retained premium	**$ 73,987,356**	**5,695**	**73,993,051**

	2022		
	Insurance Contract	**Financial instruments containing discretionary participation features**	**Total**
Premium written	$ 83,175,042	5,073	83,180,115
Less: Reinsurance expense	3,023,915	-	3,023,915
Net change in unearned premium reserves	288,810	-	288,810
Subtotal	3,312,725	-	3,312,725
Retained premium	**$ 79,862,317**	**5,073**	**79,867,390**

(Continued)

(ii) Retained insurance claims and benefits

The Company's retained insurance claims and benefits were as follows:

	2023		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Insurance claims	$ 92,174,389	2,531,541	94,705,930
Less: Claims recoverable from reinsurers	2,703,524	-	2,703,524
Retained insurance claims and benefits	**$ 89,470,865**	**2,531,541**	**92,002,406**

	2022		
	Insurance Contract	Financial instruments containing discretionary participation features	Total
Insurance claims	$ 88,230,330	5,241,802	93,472,132
Less: Claims recoverable from reinsurers	2,486,329	-	2,486,329
Retained insurance claims and benefits	**$ 85,744,001**	**5,241,802**	**90,985,803**

(u) Remuneration to employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the Board of Directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 0.01% will be distributed as employee remuneration, and a maximum of 1% will be allocated as remuneration to directors. However, if the Company has accumulated deficits the profit should be reserved to offset the deficit.

Since the Company incurred deficits for the years ended December 31, 2023 and 2022, no remuneration to employees and directors were accrued during the periods. The information is available on the Market Observation Post System website.

(v) Operating lease

The Company rents investment properties under an operating lease. For related information, please refers to note 6(e).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2023	December 31, 2022
Within one year	$ 339,173	339,316
One to two years	252,963	281,804
Two to three years	179,375	192,928
Three to four years	148,367	143,368
Four to five years	123,880	125,085
Over five years	250,894	273,606
Undiscounted lease payments	**$ 1,294,652**	**1,356,107**

The rental income from investment properties are $359,758 thousand and $467,451 thousand for the years ended December 31, 2023 and 2022, respectively.

The Company rents investment properties under an operating lease. The direct operating expenses incurred in the investment properties were as follows:

	2023	2022
The direct operating expenses incurred in the investment property that generate rental income in current period	**$ 14,260**	**11,899**
The direct operating expenses incurred in the investment property that did not generate rental income in current period	**$ 4,053**	**386**

(w) Income tax

(i) The Company's income tax expenses (benefits) were as follows:

	2023	2022
Current income tax expense		
Current period	$ 169,207	330,055
Income tax adjustment in previous period	(262)	896
	168,945	330,951
Deferred income tax benefits		
Origination and reversal of temporary differences	(3,588,941)	(1,729,825)
Total income tax benefits	**$ (3,419,996)**	**(1,398,874)**

(ii) The Company's income tax expenses (benefits) recognized in other comprehensive profit and loss were as follows:

	2023	2022
Items that will not be reclassified to income:		
Revaluation surplus	**$ -**	**111,187**

(Continued)

		2023	2022
Items that may be reclassified subsequently to income:			
Unrealized gain (loss) from debt instruments measured at FVOCI	$	780,470	(680,228)
Other comprehensive income (loss) on reclassification under the overlay approach		373,715	10,100
	$	**1,154,185**	**(670,128)**

(iii) The amount of income tax recognized in equity

		2023	2022
Current tax benefits			
Revaluation surplus	$	2,695	-
Deferred tax expense			
Revaluation surplus		(2,695)	-
Income tax related to components of equity	**$**	**-**	**-**

(iv) The reconciliation between income tax benefit and the amount computed at the statutory income (loss) tax rates is summarized as follows:

		2023	2022
Loss excluding income tax	**$**	**(12,935,985)**	**(15,057,676)**
Income tax expense using the Company's domestic tax rate	$	(2,587,832)	(3,013,475)
Effect on loss carryforwards of addback tax-exempt dividend income		445,757	457,575
Tax-exempt gain on sale of domestic securities		(904,858)	1,651,332
Foreign withholding income tax		171,077	258,912
Share of profit or loss of associates and joint venture accounted for using the equity method		(6,767)	(43,688)
Tax-exempt income on disposal of land		(1,279)	(236,268)
Impairment loss (reversal of impairment loss)		(3,653)	5,078
Tax-exempt domestic cash dividend income		(450,950)	(365,371)
Prior years' income tax adjustments		(262)	896
Provision for allowance for deferred income tax assets (liabilities)		-	(163,344)
Others		(81,229)	49,479
Income tax benefit	**$**	**(3,419,996)**	**(1,398,874)**

(Continued)

(v) The Company's deferred income tax assets and liabilities were as follows:

	2023				
	Beginning balance	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Recognized in equity**	**Ending balance**
Temporary differences					
Financial assets (liabilities) at fair value through profit or loss	$ (529,093)	(2,087,234)	-	-	(2,616,327)
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss-overlay approach	1,187,454	-	(1,154,185)	-	33,269
Investment property	(283,545)	(29,630)	-	2,695	(310,480)
Employee benefit liabilities	(203,010)	(50,946)	-	-	(253,956)
Loss (gain) on foreign exchange	(6,021,617)	(155,290)	-	-	(6,176,907)
Impairment loss	178,645	4,279	-	-	182,924
Loss carryforward	14,411,232	5,907,762	-	-	20,318,994
Deferred income tax assets (liabilities)	**$ 8,740,066**	**3,588,941**	**(1,154,185)**	**2,695**	**11,177,517**
Presented on balance sheet					
Deferred income tax assets	$ 15,777,331				20,535,187
Deferred income tax liabilities	(7,037,265)				(9,357,670)
	$ 8,740,066				**11,177,517**

	2022				
	Beginning balance (Restated)	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Recognized in equity**	**Ending balance**
Temporary differences					
Financial assets (liabilities) at fair value through profit or loss	$ (648,392)	119,299	-	-	(529,093)
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss-overlay approach	517,326	-	670,128	-	1,187,454
Investment property	(279,130)	106,772	(111,187)	-	(283,545)
Employee benefit liabilities	(166,440)	(36,570)	-	-	(203,010)
Loss (gain) on foreign exchange	6,643,541	(12,665,158)	-	-	(6,021,617)
Impairment loss	3,259	175,386	-	-	178,645
Loss carryforward	381,136	14,030,096	-	-	14,411,232
Deferred income tax assets (liabilities)	**$ 6,451,300**	**1,729,825**	**558,941**	-	**8,740,066**
Presented on balance sheet					
Deferred income tax assets	$ 7,545,262				15,777,331
Deferred income tax liabilities	(1,093,962)				(7,037,265)
	$ 6,451,300				**8,740,066**

(Continued)

(vi) As of December 31, 2023, the Company's profit tax settlement declaration has been approved by the tax authorities for the year through 2021.

(vii) According to the Income Tax Act, as of December 31, 2023, the Company's unused loss carryforward available to offset future taxable income and the expiry years was as follows:

Loss year	Amount	Expiry year
2021 (approved)	$ 2,755,020	2031
2022 (assessed)	69,781,605	2032
2023 month (estimated)	29,058,344	2033
	$ 101,594,969	

(x) Equity

(i) Issuance of common stocks

A resolution was passed during the board meeting held on December 23, 2021 for the issuance of 430,000 thousand ordinary shares, with par value of $10 per share, amounting to $4,300,000 thousand. The discounted shares were issued at $8.20 per share for the capital increase dated March 21, 2022, and the relevant statutory registration procedures have been completed at April 20, 2022.

A resolution was passed during the board meeting held on July 14, 2022 for the issuance of 1,000,000 thousand ordinary shares, amounting to $10,000,000 thousand, with par value of $10 per share. The discounted shares were issued at $5.20 per share for the capital increase dated November 11, 2022, and the relevant statutory registration procedures have been completed.

A resolution was passed during the extraordinary shareholders' meeting held on September 29, 2022 to authorize the board to issue no more than 2,000,000 thousand ordinary shares through a private placement within a year after the above date. Due to the inability to complete the process within the legally stipulated deadline, it was resolved by the board on September 14, 2023 not to proceed further. The resolution was reported during the extraordinary shareholders' meeting held on November 3, 2023.

A resolution was passed during the board meeting held on December 22, 2022 for the issuance of 500,000 thousand ordinary shares amounting to $5,000,000 thousand, with par value of $10 per share. The discounted shares were issued at $5.05 per share for the capital increase dated March 24, 2023, while the relevant statutory registration procedures have been completed.

A resolution was passed during the board meeting held on August 11, 2023 for the issuance of 500,000 thousand ordinary shares, with par value of $10 per share, amounting to $5,000,000 thousand. The discounted shares were issued at $5.00 per share for the capital increase dated December 8, 2023, and the relevant statutory registration procedures have been completed.

A resolution was passed during the extraordinary shareholders' meeting held on November 3, 2023 to authorize the board to issue no more than 2,000,000 thousand ordinary shares through a private placement within a year after the above date.

(Continued)

As of December 31, 2023 and 2022, the Company's authorized capital were 7,500,000 thousand ordinary shares and 7,500,000 thousand ordinary shares, respectively, with par value of $10 per share, amounted to $75,000,000 thousand and $75,000,000 thousand, respectively. The aforementioned capital included common stocks and preferred stocks. As of December 31, 2023 and 2022, the issued common stocks have amounted to 5,099,501 thousand shares and 4,099,501 thousand shares, respectively. Both funds from the issued stocks were fully received.

The reconciliations of outstanding stocks were as follows:

(In Thousands of shares)

	Ordinary shares	
	2023	**2022**
Beginning balance	4,099,501	2,669,501
Cash capital increase	1,000,000	1,430,000
Ending balance	**5,099,501**	**4,099,501**

(ii) Capital reserve

According to the Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

The capital reserves of the Company were as follows:

	December 31, 2023	**December 31, 2022**
Changes in capital surplus - associates accounted for using the equity method	$ 24,493	24,515
Employee share options	-	315,169
Others	9,981	9,975
	$ 34,474	**349,659**

(iii) Retained earnings

1) Legal reserve

According to the Insurance Law, the Company must retain 20% of its annual income as a legal reserve each year until such retention equals the amount of authorized common stock. According to the Company Law, when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash based on the resolution of the shareholders' meeting. Based on Jin-Guan-Bao-Tsai No. 10202501991 on February 8, 2013, the Company shall meet certain qualification to prove the stability of its business and finance status by providing supporting documents and get approval from the FSC when the Company decides to distribute its legal reserve and the capital reserve in cash in the proportion to the number of shares being held by the shareholders in accordance with Article 241 of the Company Act. The legal reserve

(Continued)

amounted to $1,698,379 thousand was used to offset the proposal for accumulated deficit in 2021 after being approved by the resolution of the shareholder's meeting on June 17, 2022.

2) Special reserve

The special reserves of the Company were as follows:

	December 31, 2023	December 31, 2022
Provisions for reversal of special risk-volatility reserves	$ 474,442	240,945
Special catastrophe reserve and special risk-volatility reserves	3,180,201	3,044,382
Provisions for reversal of special reserve for gain on revaluation increment on investment property	592,694	592,694
Provisions for reserve for fluctuation of foreign exchange	107,519	107,519
Adoption of fair value model for investment property	2,469,671	2,469,671
Provision for gain on disposal of investments in debt instrument	17,838,722	17,590,448
Provisions for the travel accident insurance premiums	5,147	2,649
	$ 24,668,396	**24,048,308**

In accordance with the provision of Tai-Tsai-Bao No. 0910074195, and the Article 20, Item 1, Clause 3 of the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves", the Company reversed the special risk-volatility reserves and transferred them to special reserves under stockholders' equity after being approved in the shareholders' meeting. The Company reverses the net amount after tax for reversal of special risk-volatility reserves amounted to $233,497 thousand and $240,945 thousand for the year ended 2022 and 2021, and transferred them to special reserve under stockholders' equity after being approved by the resolution of the shareholders' meeting in 2023 and 2022, respectively.

The accumulated deficit amounted to $3,789,944 thousand for the year ended 2021 was offset by the provisions for special reserve generated from the reversal of special risk-volatility reserve amounted to $247,571 thousand, the provisions for the reserve for fluctuation of foreign exchange amounted to $357,522 thousand, the provisions for the reserve for the saving in costs from hedging amounted to $248,642 thousand and the legal reserve amounted to $1,698,379 thousand, respectively. The use of the provisions for special reserve generated from the reversal of special risk-volatility reserve and the provisions for the reserve for fluctuation of foreign exchange, mentioned above, were approved by the FSC, with the provision of Jin-Guan-Bao-Shou No.1110415475 dated April 28, 2022.

In accordance with the "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves", the Company calculated the major accident reserve and risk-volatility reserves and provided for the special reserve under stockholders' equity. The withdrawal and reversal of the major accident and special risk-volatility reserves were amounting to $135,819 thousand and $132,315 thousand for the years ended 2023 and 2022.

(Continued)

In addition, according to the mechanism of reserve for fluctuation of foreign exchange applicable to the Company, the Company need to provide for the special reserve based on the 10% of the amount of net profit after tax, plus, items other than net profit after tax, for the current year included in the unappropriated earning, and be approved during the shareholders' meeting for the next year. The provisions for the reserve for fluctuation of foreign exchange amounted to $107,519 thousand for the year ended 2021 were set aside a special reserve after being approved by the resolution of the shareholder's meeting in 2022.

In accordance with Article of the "Regulations Governing Preparation of Financial and Operational Reports by Enterprises Engaging in Insurance ", the Company added in other accounting items due to the adverse effects from the first adoption of the IFRSs, and provided the surplus of the increase in the fair value of the fixed assets as a special provision under liabilities when there is surplus on the fair value measurement of the fixed assets. In addition, in accordance with Jin-Guan-Bao-Tsai No. 10102515281 dated November 30, 2012, life insurance businesses shall determine the amount of policy reserve that needs to be strengthened in accordance with the fair value standards for effective contract stipulated in Jin-Guan-Bao-Tsai No. 10102515285 dated November 27, 2012, and transfer the aforementioned special reserve to the "policy reserves – insurance contract liability fair value" on January 1, 2013. If there is a remaining surplus subsequent to the transfer, the Company may reverse 80% of the surplus in the first year or reverse it on a straight-line basis over the following consecutive five years and recognize the reversal as special earnings reserve under the stockholders' equity. However, the annual reversal and the provision for the special earnings reserve are limited to $10 billion. The Company reversed all amount of special reserve of real estate–gain on revaluation increments that approved by FSC in 2013 in the first year. The Company reversed the amount of $592,694 thousand and recognized it to special reserve under stockholder's equity after being approved by the resolution of the shareholders' meeting in 2014.

In accordance with Jin-Guan-Bao-Tsai No.11004920441, when distributing earnings, the insurers shall provide a special reserve equal to the amount incurred under the deduction of other equity (including the exchange differences on translation of foreign financial statements, unrealized gains and losses from financial assets measured at FVOCI, gains and losses on hedging instruments, revaluation increment cumulative amount) from the net profit after tax, plus, items other than net profit after tax, for the current year included in the unappropriated earning. If the unappropriated earning is still insufficient in the current year, the Company shall appropriate the insufficiency from the previous year. The accumulated net amount of the deduction of other equity from the previous year shall be set aside a special reserve and prohibited to use in distribution of earnings based on the authority's letter. If there was reversal for the deduction of other equity, the part of reversal may be used to reverse the special reserve, and the reversal of special reverse can be perform to distribution of earnings.

Beginning 2020, the Company changed its accounting policy for subsequent measurement of investment property from cost model to fair value model. Due to the Company' s initial adoption of the above accounting policy, the Company needs to set aside a special reserve equal to the net amount of the adjustments on investment properties, less, the reserve amount that was evaluated based on the fair value of the valid contract which had been approved by the authority, in order to maintain the soundness and stability of its financial structure in the insurance industry based on Gin-Guan-Bao-Tsai No.10402501001 letter issued on January 23, 2015. As of January 1, 2020, the special reserve that was set aside by the Company amounted to $2,416,650 thousand, which does not qualify for earnings distribution.

In accordance with Jin-Guan-Bao-Tsai No.10904917647, the Company needs to set aside a special reserve equal to the net amount after tax of the accumulated incremental gain on investment properties due to the subsequent measurement based on the fair value.

In accordance with Directions for Conduct by Life Insurance Enterprises of Interest-Sensitive Insurance Products Business, if there were still distributable earnings after the provision of special reserve based on the other laws and letters for the end of each fiscal year, the Company shall set aside a provision to special reserves in an amount equal to the after-tax increase in the asset value exceeds the reserve provision in each current-year segregate account.

In accordance with Jin-Guan-Bao-Tsai No.10904939031, the Company needs to set aside a special reserve under the equity equal to 10% of the total after-tax amount of premium income based on " the table of Standard Premiums for Accident, Death, and Disability Benefits Under Individual Travel Accident Insurance " at the end of each fiscal year, and according to the policy sold about the accident, death, and disability benefits under individual travel accident insurance in the current year, to calculate the premium income by the insurance amount and insurance days incurred . The Company set aside a special reserve amounted to $2,498 thousand and $1,422 thousand for the year ended 2023 and 2022, respectively.

In accordance with Jin-Guan-Bao-Tsai No.11004908861, beginning 2020, the Company needs to set aside a special reserve equal to the amount of next profit after tax in related to the disability insurance. If the net profits after tax are insufficient in the current year, the Company shall make up the insufficiency in the following year while it becomes sufficient. If there was deficit in the disability insurance for the subsequent year, the Company shall offset the deficit by reversing the initial provision of the special reserve.

The withdrawal (recovery) of special surplus reserve for unexpired debt instruments regulated by letters based on the after tax amount of 20% of the nominal tax rate can be distributed and amortized annually until its expiration date. On the other hand, for those whose remaining maturity period cannot be determined, its amortized period would be determined by 10 years, beginning January 1, 2019, in accordance with Jin Guan Bao Tsai No.11204939731 issued on November 13, 2023.

The movement in accumulated amount of gains or losses on disposal of unexpired debt instruments for the Company are as follows:

Gains or losses on disposal of debt instruments	Amount
1. Accumulated amount of gains or losses on disposal of debt instruments on December 31, 2022	17,838,722
2. Reserved (recovered) amount, after tax (realized capital gains (losses) before tax of $(312,092) thousand, minus the net income tax of $(62,418)thousand, for the year ended December 31, 2023	(249,674)
3. Net amortization (Reversal) for the year ended December 31, 2023	923,984
4. Accumulated amount of gains or losses on disposal of debt instruments on December 31, 2023	16,665,064

Pursuant to the mechanism above, the Company set aside the special reserve amounting to $17,838,722 thousand as of 2022. On December 31, 2023, the appropriation (recovery) of the movement of $(1,173,658) thousand as special reserve will resolved during the shareholders' meeting. The accumulated amount of special reserve was $16,665,064 thousand after appropriation (recovery).

The details on amortization at the end of each year for the accumulated amount beginning balance and new provision arising from the following mechanism:

Year	Beginning balance -the amortizable amount of accumulated amount of gains or losses on disposal on December 31, 2022 (1)	Appropriated (Recovered) special reserve set aside from gains or losses on disposal, after tax, for the year ended December 31, 2023 (2)	Ending balance -the amortizable amount of accumulated amount of gains or losses on disposal on December 31, 2023 (1)+(2)
2023	1,035,516	(111,532)	923,984
2024	1,009,551	(71,237)	938,314
2025	946,815	(33,483)	913,332
2026	893,786	(11,468)	882,318
2027	837,001	(11,468)	825,533
2028	789,314	(6,417)	782,897
2029	785,374	905	786,279
2030	761,908	905	762,813
2031	762,283	905	763,188
2032	761,104	(3,040)	758,064
2033 to 2042	6,930,186	(3,744)	6,926,442
2043 to 2052	2,345,953	-	2,345,953
2053 to 2062	(16,395)	-	(16,395)
2063 to 2071	(3,674)	-	(3,674)
Total	17,838,722	(249,674)	16,665,064

Note: The total amount excludes the amount in 2023.

(Continued)

3) Distribution of earnings

According to the Company's articles of incorporation, annual earnings after income tax shall firstly be used to offset any deficit, to be appropriated as legal reserve pursuant to regulatory requirements, and to be recognized as or to reverse the special reserve according to the shareholders or the competent authority. Subsequently, the remainder, if any, together with the undistributed profit at beginning of the period, may be distributed as dividends.

In accordance with the article of association, dividend policy is based on a sound capital structure and a good capital adequacy ratio, not only to accumulate capital, but also take care of rights. Dividend is generally distributed in stock or cash. The bonuses distributed to shareholders shall not be less than 20% of the distributable profits for the current year and the distributed cash dividends shall not be less than 10% of the total dividends, but when cash dividend is less than $0.1 per share, stock dividend will replace cash dividend. The ratio of the stock dividend to the cash dividend shall be adjusted moderately according to the relevant laws and regulations, and shall be proposed by the board of directors and submitted to the shareholders' meeting for resolution. In accordance with the stipulation of Jin Guan Bao Tsai No. 10202501992 issued by the FSC on February 8, 2013, if a life insurance enterprise intends to distribute its earnings by cash dividends, excluding the appropriated cash dividends on preferred stock liability, it should apply for approval from the authorities.

The proposals made by the Company to offset the deficit incurred in 2022 and 2021 were approved by the shareholders' meeting on June 15, 2023 and June 17, 2022, respectively. There were no dividends distributed to shareholders in 2022 and 2021.

(iv) Other equity

The reconciliations of changes in other equity are as follows:

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at FVOCI	Revaluation surplus	Other comprehensive income (loss) on reclassification under the overlay approach	Total
Balance as of January 1, 2023	$ (853)	(5,413,821)	762,184	(12,167,429)	(16,819,919)
Exchange differences on subsidiaries accounted for using the equity method	853	-	-	-	853
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:					
Unrealized gain (loss)	-	190,406	-	-	190,406
Financial assets measured at FVOCI, associates and joint ventures accounted for using the equity method		583			583
Other comprehensive income (loss) on reclassification under the overlay approach:					
Unrealized gain (loss)	-	-	-	10,138,500	10,138,500
Disposal of investments accounted for using the equity method	-	(835)	-	-	(835)
Disposal of revalued property	-	-	(28,012)	-	(28,012)
Reclassification effects	-	5,346,780	-	-	5,346,780
Balance as of December 31, 2023	**$ -**	**123,113**	**734,172**	**(2,028,929)**	**(1,171,644)**

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at FVOCI	Revaluation surplus	Other comprehensive income (loss) on reclassification under the overlay approach	Total
Balance as of January 1, 2022	$ (11,717)	(112,238)	-	(8,936,093)	(9,060,048)
Exchange differences on subsidiaries accounted for using the equity method	10,864	-	-	-	10,864
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:					
Unrealized gain (loss)	-	(5,725,719)	-	-	(5,725,719)
Cumulative gain (loss) reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	-	422,900	-	-	422,900
Financial assets measured at FVOCI, associates and joint ventures accounted for using the equity method	-	1,236	-	-	1,236
Revaluation surplus:	-	-	-	-	-
Unrealized gain (loss)	-	-	762,184	-	762,184
Other comprehensive income (loss) on reclassification under the overlay approach:					
Unrealized gain (loss)	-	-	-	(3,231,336)	(3,231,336)
Balance as of December 31, 2022	**$ (853)**	**(5,413,821)**	**762,184**	**(12,167,429)**	**(16,819,919)**

In accordance with IFRS 9, the Company has changed the business model for managing financial assets on January 1, 2023 based on the resolution approved during the board meeting held on December 6, 2022. Please refer to note 12(c) for more information.

(y) Earnings per share of common stock

Earnings per share and diluted earnings per share were computed as follows:

	2023	2022
Earnings per share (New Taiwan Dollars):		
Net income (loss) for common stockholders	**$ (9,515,989)**	**(13,658,802)**
Current weighted-average number of common shares outstanding (thousand shares)	**4,520,049**	**3,146,159**
Basic earnings per share (New Taiwan Dollars)	**$ (2.11)**	**(4.34)**

	2023	2022
Diluted earnings per share (New Taiwan Dollars):		
Net income (loss) for common stockholders	**$ (9,515,989)**	**(13,658,802)**
Weighted-average number of shares outstanding used for computing diluted earnings per share (thousand shares)	**4,520,049**	**3,146,159**
Diluted earnings per share (New Taiwan Dollars):	**$ (2.11)**	**(4.34)**

Earnings per share of inapplicable foreign exchange valuation reserves was as follows:

	2023	2022
Basic earnings per share (New Taiwan Dollars):		
Inapplicable foreign exchange valuation reserves (note 6(q))	**(2.83)**	**(2.57)**

(Continued)

	2023	2022
Diluted earnings per share (New Taiwan Dollars):		
Inapplicable foreign exchange valuation reserves	**(2.83)**	**(2.57)**

(z) Fair value of financial instruments

(i) Fair value and carrying amount

The Company does not disclose the fair value for short-term financial instruments, such as cash and cash equivalents, accounts receivable/payable, loans, intercompany reinsurance receivables, claims and payments recoverable from reinsurers, refundable deposit, and guarantee deposits received. Since these financial instruments have relatively shorter maturity date, their carrying amount can be fairly presented as the fair values and the lease liabilities does not need to disclose the fair value. Besides, the Company does not disclose the fair value of investment under the equity method due to the lack of quoted price in an active market and difficulties in measuring it. Furthermore, the fair values of financial assets and financial liabilities were summarized as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at FVTPL	$ 115,637,806	115,637,806	79,014,992	79,014,992
Financial assets measured at FVOCI	3,307,427	3,307,427	44,175,492	44,175,492
Financial assets measured at amortized cost	1,013,469,832	800,956,897	1,000,833,858	774,299,958
Non-financial assets:				
Investment property	18,823,614	18,823,614	18,854,567	18,854,567
Financial liabilities:				
Financial liabilities measured at FVTPL	62,114	62,114	3,389,686	3,389,686
Bonds payable	8,500,000	8,433,380	8,500,000	8,490,265

1) Valuation techniques and assumptions used in fair value determination

a) Short-term financial products

Its fair value is estimated based on its carrying amount on the balance sheet. Since the maturity date of the products is short, carrying amount should be a reasonable basis for estimating its fair value. This method applies to cash and cash equivalents, notes receivable and notes payable, accounts receivable and accounts payable, and other financial assets.

b) Loans

Since all the financial assets are interest-bearing, therefore, the carrying amount after deducting the allowance for bad debt is close to the current fair value.

(Continued)

c) Equity investments and debt securities

If there is an active market, then the fair value of the asset is the market price. If no market price is available for reference, the method of estimation is the same as those used by the market participants in the pricing of financial products. The discount rate used by the Company is equal to that of the financial products with the same terms and characteristics.

d) Derivative instruments

The fair value of the forward foreign exchange contract, if available, is based on the market price. If the market price is unavailable, the fair value is the difference between the forward price of the contract and the current forward price. The remaining period of the contract is discounted.

The fair value of the interest rate exchange is based on the quotation of the broker, which is derived from estimated future cash flows based on the terms and maturities of each contract, using the present value of the market interest rate of similar instruments to test its reasonableness.

e) Investment property

Fair value of investment property is determined based on the rules stipulated in the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises". The fair value of investment property is based on the valuation by a professional appraisal agency and supported by market evidence. Please refer to Note 6(e) for details.

f) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is calculated by the cash flow of principal and interest in the future discounted to the fair value used the market interest rate as of the reported date.

2) Fair value hierarchy

The following valuation methods are for analyzing the financial instrument measured at fair value. Each level of fair valued hierarchy is defined as follows:

a) Fair value of financial instruments classified in Level 1 is based on the quoted price for an identical financial instrument in an active market. The definition of active market includes all of the following conditions: A) the products traded in the market are homogeneous, B) willing parties are available anytime in the market, and C) price information is available for the public.

b) Fair value of financial instruments classified in Level 2 is based on inputs other than quoted prices in active markets including observable input parameters obtained either directly (i.e., as prices) or indirectly (i.e., derived from prices) in active markets. Examples of observable inputs are as follows:

i) The quoted price for a similar financial instrument in an active market means the market transaction price for a similar financial instrument based on its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the market transaction prices for an identical financial instrument, wherein the quoted price does not represent the fair value at the measurement date. The reasons also include the difference in transaction terms for financial instruments, transaction prices involving related parties, and the relationship between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

ii) The quoted market price of an identical or similar financial instrument in an inactive market.

iii) The fair value is estimated on the basis of the results of a valuation technique, and the market inputs (i.e., interest rate, yield curve, and volatility rate) used are based on data obtainable from the market. An observable input can be derived from market data and reflects the expectation of market participants when it is used in evaluating the prices of financial instruments.

iv) A majority of the inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

c) Input for a fair value measurement for a financial instrument classified in Level 3 is not based on data obtainable from the market. An unobservable input, such as volatility for a share option derived from the share's historical price, does not generally represent current market expectations about future volatility.

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Common stocks	$ 50,464,627	50,464,627	-	-	50,464,627
Preferred stocks	17,142	17,142	-	-	17,142
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	13,143,750	-	13,143,750	-	13,143,750
Financial bonds	4,354,366	-	4,354,366	-	4,354,366
Beneficiary certificates and others	37,859,726	36,619,283	-	1,240,443	37,859,726
Foreign stocks	220,735	220,735	-	-	220,735
Foreign bonds	1,678,760	-	1,678,760	-	1,678,760
Foreign beneficiary certificates	7,898,700	7,581,196	-	317,504	7,898,700
Subtotal	115,637,806	94,902,983	19,176,876	1,557,947	115,637,806

(Continued)

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVOCI					
Foreign bonds	$ 2,726,152	-	2,726,152	-	2,726,152
Unquoted stocks	581,275	-	-	581,275	581,275
Subtotal	3,307,427	-	2,726,152	581,275	3,307,427
Investment property	18,823,614	-	-	18,823,614	18,823,614
Total	**$ 137,768,847**	**94,902,983**	**21,903,028**	**20,962,836**	**137,768,847**
Financial liabilities measured at FVTPL					
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	**$ 62,114**	-	**62,114**	-	**62,114**

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Common stocks	$ 29,150,454	29,150,454	-	-	29,150,454
Preferred stocks	17,436	17,436	-	-	17,436
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	6,035,151	-	6,035,151	-	6,035,151
Financial bonds	4,254,628	-	4,254,628	-	4,254,628
Beneficiary certificates and others	17,704,190	16,779,132	-	925,058	17,704,190
Foreign stocks	2,143,561	2,143,561	-	-	2,143,561
Foreign depository receipts	368,560	368,560	-	-	368,560
Foreign bonds	1,657,683	-	1,657,683	-	1,657,683
Foreign beneficiary certificates	17,683,329	17,313,045	-	370,284	17,683,329
Subtotal	79,014,992	65,772,188	11,947,462	1,295,342	79,014,992

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVOCI					
Government bonds	$ 9,888,641	-	9,888,641	-	9,888,641
Corporate bonds	19,095,238	-	19,095,238	-	19,095,238
Financial bonds	2,743,401	-	2,743,401	-	2,743,401
Foreign bonds	11,806,891	9,054,317	2,752,574	-	11,806,891
Unquoted stocks	641,321	-	-	641,321	641,321
Subtotal	44,175,492	9,054,317	34,479,854	641,321	44,175,492
Investment property	18,854,567	-	-	18,854,567	18,854,567
Total	**$ 142,045,051**	**74,826,505**	**46,427,316**	**20,791,230**	**142,045,051**
Financial liabilities measured at FVTPL					
Total	**$ 3,389,686**	**-**	**3,389,686**	**-**	**3,389,686**

d) There was no significant transfer between the first and second levels for the years ended December 31, 2023 and 2022.

e) The below table shows a reconciliation of Level 3 fair values:

	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Investment property	Total
January 1, 2023	$ 1,295,342	641,321	18,854,567	20,791,230
Gains and losses				
Recognized in profit or loss	66,842	-	5,967	72,809
Recognized in OCI	-	155,655	-	155,655
Purchased	203,856	-	6,084	209,940
Disposals	(8,093)	(215,701)	(43,004)	(266,798)
Transfer into (out) Level 3	-	-	-	-
December 31, 2023	**$ 1,557,947**	**581,275**	**18,823,614**	**20,962,836**
January 1, 2022	$ 1,319,788	1,046,802	23,842,824	26,209,414
Gains and losses				
Recognized in profit or loss	(186,960)	-	22,461	(164,499)
Recognized in OCI	-	(377,502)	-	(377,502)
Purchased	164,247	-	8,537	172,784
Disposals	(1,733)	(27,979)	(6,940,891)	(6,970,603)
Transfer into (out) Level 3	-	-	1,921,636	1,921,636
December 31, 2022	**$ 1,295,342**	**641,321**	**18,854,567**	**20,791,230**

(Continued)

The gains and losses above are recognized based on "Financial assets and liabilities measured at FVTPL", "Unrealized gains and losses measured at FVOCI" and "Gains and losses on investment property". The related assets held by the Company as of December 31, 2023 and 2022 are as follows:

	2023	2022
Gains and losses		
Recognized in profit or loss ("financial assets and liabilities measured at FVTPL")	67,604	(186,177)
Recognized in OCI ("Unrealized gains and losses measured at FVOCI")	153,085	(363,589)
Recognized in profit or loss ("Gains and losses on investment property")	5,967	22,461

f) Fair value information of significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Matter	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVTPL – Beneficiary certificates and others	"Asset adjustment" method	• Liquidity discount rate (0% to 25% on both December 31, 2023 and December 31, 2022.)	• Inverse relationship
Financial assets measured at FVTPL – Private fund	"Asset adjustment" method	• Liquidity discount rate (0% to 30% on both December 31, 2023 and December 31, 2022.) • Discount rate (0% and 0% to 20% on December 31, 2023 and December 31, 2022, respectively.)	• Inverse relationship
Financial assets measured at FVOCI –Venture capital	"Asset adjustment" method	• Liquidity discount rate (0% to 30% on both December 31, 2023 and December 31, 2022.)	• Inverse relationship
Investment Property	Note 6(e)		

(Continued)

g) Classification process of Level 3 fair value

The Company's Risk Management Department is responsible to verify the fair values of the assets based on independent sources that reflect the nearest market conditions. The Company ensures that the information used are independent, reliable, and coherent with other resources and represent exercisable prices. Also, the Company policy requires that these fair values are analyzed for remeasurement and reassessment on each reporting date to ensure that the fair values are reasonable.

h) Sensitivity analysis of Level 3 fair value

While the Company's measurement of fair value on financial assets are reasonable, these fair values might differ, should a different valuation model be used as its measurement method. The following table describes the impact to the profit or loss and other comprehensive income should change in the inputs be used on Level 3 financial assets.

	Input	Increase or decrease in input	Impact of changes in fair value on profit loss		Impact of changes in fair value on Other comprehensive income	
			Positive impact	Negative impact	Positive impact	Negative impact
December 31, 2023						
Financial assets measured at FVTPL		+10%				
Beneficiary certificates and others	Variable discount rate	10%	-	(18,919)	-	-
Private fund	Variable discount rate	10%	-	(136,875)	-	-
Financial assets measured at FVOCI		+10%				
Venture capital	Variable discount rate	10%	-	-	-	(58,128)
December 31, 2022						
Financial assets measured at FVTPL		+10%,+1%				
Beneficiary certificates and others	Variable discount rate	10%	-	(9,238)	-	-
Private fund	Variable discount rate	10%	-	(62,016)	-	-
	Discount rate	1%	-	(21,995)	-	-
Financial assets measured at FVOCI		+10%				
Venture capital	Variable discount rate	10%	-	-	-	(44,600)

The positive and negative impacts are results from changes in fair values, which calculations are affected by changes in the unobservable inputs. Should the fair value of a financial asset be affected by more than one input, the fair values are not presented in the table above. The table above presents the impact of changes in one input only, and does not consider the relationship between other inputs in the valuation of fair values above.

(Continued)

3) Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value are listed in the table below. Other than cash and cash equivalents, receivables / payables, loans, intercompany reinsurance receivables, claims and payments recoverable from reinsurers, refundable deposit, short-term liabilities and guarantee deposits received, whose values are reasonably closed to their fair value, as well as lease liabilities, disclosure of fair value is not required. The fair values of financial instruments not measured at fair value are as follows:

	December 31, 2023			
Assets and liabilities	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial Assets:				
Financial assets measured at amortized costs	$ 800,956,897	323,408,514	477,548,383	
Financial liabilities:				
Bonds payable	8,433,380	-	8,433,380	-

	December 31, 2022			
Assets and liabilities	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial Assets:				
Financial assets measured at amortized costs	$ 774,299,958	290,184,455	484,115,503	
Financial liabilities:				
Bonds payable	8,490,265	-	8,490,265	-

(ii) Offsetting financial assets and financial liabilities

The Company is offsetting its financial instruments according to the conditions set forth in paragraph 42 of IAS 32 endorsed by the FSC, in which its financial assets and liabilities are presented as net amounts in the statement of financial position.

The Company also performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Company has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

(Continued)

The following tables present the aforesaid offsetting financial assets and financial liabilities.

	Financial assets (liabilities) subject to offsetting, enforceable master netting arrangement or similar arrangement					
	Total gross amounts of recognized financial assets (liabilities) (a)	Total amounts of recognized financial assets (liabilities) offset in the statement of financial position (b)	Net amounts of recognized financial assets (liabilities) in the statement of financial position (c)=(a)-(b)	Related amount not offset in the statement of financial position(d)		Net amount (Note2) (e)=(c)-(d)
				Financial instrument (Note1)	Cash collateral received (paid)	
December 31, 2023						
Derivative instruments assets	$ 13,143,750	-	13,143,750	62,114	5,265,520	7,816,116
Derivative instruments liabilities	(62,114)	-	(62,114)	(62,114)	-	-
December 31, 2022						
Derivative instruments assets	$ 6,035,151	-	6,035,151	2,824,440	2,246,904	963,807
Derivative instruments liabilities	(3,389,686)	-	(3,389,686)	(2,824,440)	(176,878)	(388,368)

Note1: Inclusive of master-netting arrangement and non-cash financial collateral.

Note2: Net amounts of recognized financial liabilities with financial instrument and Cash collateral received (paid) is positive, so it is expressed as 0.

(aa) Financial risk management

(i) Risk management system

1) Risk management’s structure, organization and the authority scope

a) Board of Directors

i) In order to integrate the planning, implementation, supervision and coordination of the risk management, the “Risk Management Committee” is set up under the Board of Directors and the Risk Management Department is set up to execute risk management matters.

ii) The Board of Directors is the highest decision-making unit in establishing an effective risk management system for the Company, and assumes the ultimate responsibility for overall risk management.

iii) The Board of Directors shall approve the risk management policies and major decisions in accordance with the overall business environment and strategy, and ensure the effective operation of the risk management mechanism.

(Continued)

b) Risk Management Committee

i) The Committee is responsible to conduct risk management policies and procedures, implement risk management decisions of the Board of Directors, and regularly submit risk assessment reports to the Board.

ii) Monitoring all kinds of risks and establishing their management indicators, and coordinating risk management functions with interaction and communication between each department.

c) Risk Management department

i) The department is responsible for aggregating, measuring and monitoring the company's overall risk information, and regularly submitting risk assessment reports.

ii) Implementing the risk management decisions, coordinating and communicating to various departments' risk management mechanism. When necessary, giving recommendations of risk management for each departments' decision-making.

d) Relevant departments of the Company

i) Risk management operations should be carried out in accordance with risk management procedures, manage their daily risks, take the necessary response measures, and submit relevant reports in a timely manner.

ii) Should provide timely, reliable risk information, and feasible, effective control measures based on the needs of risk management.

e) Audit unit

Examine the relevant departments' risk management implementation according to the relevant laws and regulations.

2) The scope and nature of the risk reporting and measurement system

a) Method used: Effective duration or effective convexity analysis, cash flow management, deterministic scenario testing and stress testing.

b) Relevant assumptions and parameters: Setting the system based on the needs of various measurement methods, the data gathered from domestic or foreign research, and practical experience.

c) Advantages and limitations of various measurement methods:

i) Effective duration or effective convexity analysis

1. Advantages: It is easy to calculate, and able to measure fixed-income assets with options.

(Continued)

2. Limitations: If the yield curve is moving in parallel, then it is unable to measure non-parallel movement.

ii) Cash flow management.

1. Advantages: Enhance the effectiveness of decision-making, strengthen financial control, and reflect the ability to continue to operate.

2. Limitations: The estimate of the cash flow may be subjective, and the estimated future cash flow may not reflect the actual situation.

iii) Deterministic Scenario Testing

1. Advantages: It is able to consider multiple variables change at the same time, and able to analyze and calculate the possibilities for a particular situation.

2. Limitations: Only some specific situations can be tested, the scenario of the change is subjective and it is not able to consider the situations of nonlinear relationship or extreme risk.

iv) Stress test

1. Advantages: It is able to measure the losses that may occur in a particular extreme situation.

2. Limitations: It is unable to measure the possibility of a particular extreme situation.

(ii) Analysis of Credit Risk

1) Credit risk management

a) Credit risk is the risk of financial loss to the Company if a debtor or counterparty to a financial instrument fails to meet its contractual obligations. When all counterparties are concentrated in a single industry or region, the Company may face greater risk. Due to counterparties who are in the same industry or region are subject to the same economic environment and their ability to repay their loans will be affected.

b) Credit risk is managed through the following mechanisms:

i) Limit Control: Limits were set to monitor on sector, same related entity and country exposure risks in order to avoid concentration risk.

ii) Prudent credit evaluations are performed when we conduct the loan business and collateral are requested in order to reduce our credit risk exposure.

(Continued)

2) Expected credit loss

a) Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company considers the reasonable and supportable information (past, present, and future) that is available without undue cost or effort.

The objective of the assessment is to determine whether credit risk has significantly increased by comparing:

i) The default rate of the financial instrument on reporting date; and

ii) The default rate of the financial instrument since initial recognition.

Except for the following which loss allowance are measured at an amount equal to the 12-month credit losses, the Company calculates the loss allowance based on the asset's lifetime expected credit losses:

i) Investments in debt securities that are determined to have a low credit risk at reporting date, and;

ii) Other financial instruments which credit risk have not significantly increased since initial recognition.

When debt securities credit risk are globally reported on an external rating as "investment grade", these are determined to be a low credit risk investment by the Company. 12-month expected credit loss refers to the losses that will result if a default occurs in the 12 months after the reporting date.

In assessing whether the credit risk on a financial asset has increased significantly, the Company considers that different investment portfolios have different credit risks, including changes in default rates and credit qualities. Based on the Company's assessment policy, in the event that an investment is no longer "investment grade", and that a decline occurred between its credit rating and its investment grade, this results in a significant increase in credit risk. In the event that the Company's assessment policy does not detect an increase in credit risk in time, the Company employs professional judgment and prior experience to determine whether a significant increase in credit risk occurred on a financial asset.

The Company assumes that the credit risk of a financial asset has increased significantly when contractual payments are overdue after 30 days, or when objective evidence of impairment exists. The past-due days are calculated based on the first day the counterparties exceed its contractual credit term.

b) Credit risk rating

The Company has a credit risk rating policy in place for different types of financial instruments. The credit risk rating will correspondingly increase to reflect the escalating risk of default of each financial instrument.

(Continued)

The credit risk rating is initially determined based on the borrower's credit information. This credit risk rating is monitored on an ongoing basis, and will alter based on changes in the instrument's risk grade. Credit risk monitoring is based on the aging days and objective evidence of impairment.

c) Default rate structure

Credit rating is a key component in assessing the exposure loss. The Company collects data of customers, such as geographical area, product, borrower, credit rating etc., to assess the exposure loss.

The Company utilizes statistical analysis of the data collected to assess the exposure loss, and the analysis will be updated based on latest available data.

These assessments include identifying and updating the default rates based on economic indexes and other relevant statistics. For most assessments, the main indexes are the Gross Domestic Product Growth Rates and Unemployment Rates.

d) Definition of default

The Company determined that the following as a "default" of financial asset:

- The borrower is unable to repay the debts in full, unless the Company exercises its recourse rights, such as disposing its collateral on auction.
- The borrower has significant debts past due for more than 90 days.

In assessing whether a borrower has defaulted, the Company considers the following:

- Qualitative indicators – breach of contract
- Quantitative indicators – the same borrower has other unpaid debts within the Company
- Based on internal and external data that take into account default input and other main inputs over time, which indicate changes in circumstances.

e) Definition of credit loss on financial assets

At each reporting date, the Company assesses whether there is a credit loss on debt instruments measured at amortized cost and FVOCI. In the event where one or more circumstances which cause an expected cash shortfall from financial assets occur, then a credit loss has occurred.

The following observable inputs are examples of circumstances that cause a credit loss:

- The issuer or borrower faces adverse financial difficulties;
- A breach of contract, including omission and delay of repayment;

(Continued)

- The borrower's creditor has filed for a winding up of the borrower;
- It is probable that the borrower will declare bankruptcy or other financial restructuring;
- A buy-in at a large discount of the financial asset.

In the case where a borrower has declared for a rationalization plan, this will normally be viewed as a credit loss, unless there is evidence that the irrecoverable risk has reduced, and there are no other indicators of credit loss.

f) Measurement of expected credit loss

The main factors in calculating expected credit loss are:

- Default rate
- Default loss rate
- Default exposure

Default rate is estimated based on statistical data and exposure type of the counterparty, on a particular point in time. These statistical data are calculated based on internal information, which are qualitative and quantitative in nature. Where available, market data are obtained to estimate the default rates of corporate counterparties. In the event of a change in credit rating, it will correspondingly affect the default rate of the asset. The default rate also takes into account the exposure of the contract up to its maturity date and the estimated early repayment ratios.

Default loss rate is the maximum loss rate in the event of a breach of contract occurred. The Company uses the historic recovery rate of previous defaulting counterparties as a basis of calculating default loss rate. The default loss rate model also considers the financial assets overall structure, guarantee, priority to claims, industry of counterparties, and cost to recover guarantees.

Default loss rate is the rate of loss caused by the default of counterparties or issuers. The default loss rate that the Company uses to assess relative impairments is based on the default loss rate information regularly announced by international credit rating agencies.

Default exposure is the claim amount in the event of a breach. The Company's upfront claim amount (including amortization), plus interest, is calculated as the default exposure amount.

g) Data used in forecasting

The default rate for measuring the debt instruments is according to the information announced by Moody's, international credit rating agency, including the state of macroeconomic forecasting and the prediction of implicit market data. For the loans to other parties, the Company, according to internal historical experience and actual external information and forecasts, set a benchmark for pertinent economic

(Continued)

variables and representative intervals of predictable scenarios. The sources of external information include government authorities, the International Monetary Fund (IMF), elected private segments, and economic forecast studies.

3) Analysis of credit risk quality

Information regarding the credit risk quality of debt instruments measured at FVOCI, financial assets measured at amortized cost and loans and receivables was presented in the tables below. All financial asset balances disclosed below were presented at net, unless specifically stated otherwise.

a) Debt instruments measured at FVOCI (excluding statutory refundable deposits)

	For the year ended December 31, 2023			
	12-month expected credit loss	**Lifetime expected credit loss – non-credit loss**	**Lifetime expected credit loss - credit loss**	**Total**
Low credit risk	$ 2,726,152	-	-	2,726,152
Significant increase in credit risk	-	-	-	-
Carrying amount	**$ 2,726,152**	**-**	**-**	**2,726,152**

	For the year ended December 31, 2022			
	12-month expected credit loss	**Lifetime expected credit loss – non-credit loss**	**Lifetime expected credit loss - credit loss**	**Total**
Low credit risk	$ 43,534,171	-	-	43,534,171
Significant increase in credit risk	-	-	-	-
Carrying amount	**$ 43,534,171**	**-**	**-**	**43,534,171**

b) Financial assets measured at amortized cost (excluding statutory refundable deposits)

	For the year ended December 31, 2023			
	12-month expected credit loss	**Lifetime expected credit loss – non-credit loss**	**Lifetime expected credit loss - credit loss**	**Total**
Low credit risk	$ 1,009,090,822	-	-	1,009,090,822
Significant increase in credit risk	-	-	5,236,835	5,236,835
Loss allowance	(56,653)	-	(801,172)	(857,825)
Carrying amount	**$ 1,009,034,169**	**-**	**4,435,663**	**1,013,469,832**

(Continued)

	For the year ended December 31, 2022			
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Total
Low credit risk	$ 996,491,755	-	-	996,491,755
Significant increase in credit risk	-	-	5,248,546	5,248,546
Loss allowance	(103,356)	-	(803,087)	(906,443)
Carrying amount	**$ 996,388,399**	**-**	**4,445,459**	**1,000,833,858**

c) Loans (Exclude policy loans and automatic premium loans)

	For the year ended December 31, 2023			
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Total
Overdue 0~8 days	$ 24,840,280	-	-	24,840,280
Overdue 9~30 days	82,437	-	-	82,437
Overdue 31~60 days	-	406	-	406
Overdue 61~90 days	-	-	-	-
Overdue more than 91 days or breach of contract	-	-	36,860	36,860
Significant increase in credit risk	-	-	-	-
Loss allowance	(373,811)	(6)	(554)	(374,371)
Carrying amount	**$ 24,548,906**	**400**	**36,306**	**24,585,612**

	For the year ended December 31, 2022			
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Total
Overdue 0~8 days	$ 27,069,061	-	-	27,069,061
Overdue 9~30 days	64,002	-	-	64,002
Overdue 31~60 days	-	2,853	-	2,853
Overdue 61~90 days	-	-	-	-
Overdue more than 91 days or breach of contract	-	-	40,991	40,991
Significant increase in credit risk	-	-	-	-
Loss allowance	(406,960)	(43)	(615)	(407,618)
Carrying amount	**$ 26,726,103**	**2,810**	**40,376**	**26,769,289**

(Continued)

d) Receivables (Interest receivable)

	For the year ended December 31, 2023			
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Total
Low credit risk	$ 6,030,635	-	-	6,030,635
Significant increase in credit risk	-	-	122,560	122,560
Loss allowance	(495)	-	(18,637)	(19,132)
Carrying amount	**$ 6,030,140**	**-**	**103,923**	**6,134,063**

	For the year ended December 31, 2022			
	12-month expected credit loss	Lifetime expected credit loss – non-credit loss	Lifetime expected credit loss - credit loss	Total
Low credit risk	$ 6,321,963	-	-	6,321,963
Significant increase in credit risk	-	-	122,452	122,452
Loss allowance	(891)	-	(18,621)	(19,512)
Carrying amount	**$ 6,321,072**	**-**	**103,831**	**6,424,903**

4) Maximum credit risk exposure of financial assets

Carrying amount best represents the Company's maximum exposure to credit risk for its on financial instruments on the balance sheet before taking into account any collateral held or other credit risk mitigation. The maximum credit risk exposure amounted to $1,287,406,751 thousand and $1,261,928,958 thousand on December 31, 2023 and 2022, respectively. In addition, the Company has no exposure to credit risk for off-balance-sheet financial instruments.

a) The maximum exposure to credit risk for loans and receivables except policy loans and automatic premium loans by geographic region:

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Taipei area	$ 11,840,108	48	13,323,989	50
Taichung area	7,739,491	32	8,001,961	30
Tainan area	2,987,855	12	3,129,393	11
Kaohsiung area	2,018,158	8	2,313,946	9
Total	**$ 24,585,612**	**100**	**26,769,289**	**100**

(Continued)

b) The maximum exposure to credit risk for bond investments by geographic region of bond issuers:

Region		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Taiwan		$ 208,734,969	19.31	245,870,986	22.45
Developed Countries	Asia	43,020,990	3.98	43,239,601	3.95
	North America	367,034,522	33.95	346,356,978	31.63
	Europe	175,310,544	16.21	173,478,859	15.84
	Oceania	18,597,254	1.72	17,961,661	1.64
Multi-country Investment		6,373,751	0.59	7,100,465	0.65
Emerging Countries (except Taiwan)		262,056,076	24.24	261,017,148	23.84
Total		1,081,128,106	100.00	1,095,025,698	100.00

5) As of December 31, 2023 and 2022, the Company had no overdue financial assets that was not impaired.

6) Analysis of financial assets that are individually determined to be impaired.

a) Non-derivative financial asset

	December 31, 2023		
	Impaired Amount	Accumulated Impairment	Net
Accounts receivables- Other receivables	377,797	67,481	310,316

	December 31, 2022		
	Impaired Amount	Accumulated Impairment	Net
Accounts receivables- Other receivables	126,422	22,356	104,066

b) Impaired loans (Exclude policy loans and automatic premium loans)

December 31, 2023	Loans (Exclude policy loans and automatic premium loans)		
	Real estate mortgage	Other secured loan	Total
Impaired amount	36,915	-	36,915
Less: Impairment reserves	92	-	92
Net	36,823	-	36,823

(Continued)

December 31, 2022	Loans (Exclude policy loans and automatic premium loans)		
	Real estate mortgage	Other secured loan	Total
Impaired amount	41,048	-	41,048
Less: Impairment reserves	96	-	96
Net	40,952	-	40,952

c) For more information relate to statement of changes in loss allowance for loans (Exclude policy loans and automatic premium loans), please refer to note 6(f).

(iii) Liquidity risk

1) The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that the Company does not possess sufficient cash and is not able to raise funds in time and finally failed to fulfill the obligation (debt repayment); Market liquidity risk refers to the risk that the Company is not able to settle or offset current position with reasonable market price due to the shallow market depth or market disorder or the oversized possession of the investment position and finally the Company may suffer from losses.

In terms of capital liquidity risk, the Company manages it in two aspects, short term and mid to long term. Except for the capital liquidity ratio set up for the index of measurement and control of short term liquidity, relevant departments have established prompt capital report mechanism and apply proper currency market instruments or foreign exchange derivative instruments for daily capital movement; mid to long term capital liquidity management is reviewed by the Assets and Liabilities Management Committee. The Company applies cash flow analysis model to monitor the coordination of assets and liabilities in order to lower related risks.

Regarding the market liquidity risk, the risk management department of the Company established monitoring mechanism in terms of daily transaction concentration, investment position limit and current assets deployment in order to avoid market liquidity risk.

In addition, the Company established complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

The Company possesses sufficient operating funds, including cash and cash equivalents and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of the Company is extremely low. In addition, the derivative financial instruments the Company engages in, such as forward exchange contracts, are all of highly liquid currencies. The possibility that they are not able to be sold at reasonable prices in the market is minimum, and therefore the market liquidity risk is low. Furthermore, forward exchange contracts which matured are mostly rolled forward and the capital to pay for the settlements is sufficient. Thus, the capital liquidity risk is insignificant.

(Continued)

2) Maturity analysis for non-derivative financial liabilities

The following table is an analysis of the cash flows of the Company's non-derivative financial liabilities based on the remaining periods between the reporting date and the repayment date based on the undiscounted cash flows of the financial liabilities, including interest. Therefore, some accounts illustrated below may not match the corresponding accounts on the balance sheet. The expected cash flow of these financial instruments may significantly differ from the analysis in the following table.

December 31, 2023	< 1 year	1~5 years	> 5 years	Total
Estimated cash outflow from financial liabilities				
Accounts payables	6,873,520	-	-	6,873,520
Bonds payable	5,320,500	2,817,000	1,099,000	9,236,500
Lease liabilities	139,157	211,133	-	350,290
Other liabilities-Guarantee deposits received	5,329,383	36,076	31,070	5,396,529
Total	17,662,560	3,064,209	1,130,070	21,856,839

December 31, 2022	< 1 year	1~5 years	> 5 years	Total
Estimated cash outflow from financial liabilities				
Accounts payables	4,882,678	-	-	4,882,678
Bonds payable	320,500	8,104,500	1,132,000	9,557,000
Lease liabilities	124,546	51,488	-	176,034
Other liabilities-Guarantee deposits received	2,265,004	88,033	24,240	2,377,277
Total	7,592,728	8,244,021	1,156,240	16,992,989

3) Maturity analysis for derivative instruments

a) Net settlement of derivative instruments

The Company's net settled derivative instruments included foreign derivative instruments.

December 31, 2023	0~30 days	31~90 days	91~180 days	181 days ~1 year	More than 1 year	Total
Derivative instruments at fair value:						
— Foreign exchange derivatives	3,819,966	7,041,631	2,220,039	-	-	13,081,636
Net cash flows inflow (outflow)	3,819,966	7,041,631	2,220,039	-	-	13,081,636

(Continued)

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days ~1 year	More than 1 year	Total
Derivative instruments at fair value:						
— Foreign exchange derivatives	(550,245)	2,437,681	758,029	-	-	2,645,465
Net cash flows inflow (outflow)	(550,245)	2,437,681	758,029	-	-	2,645,465

b) Total settlement of derivative instruments

The Company's total settled derivative instruments included the contracts of cross-currency swap.

(iv) Market risk

The Company’s exposure to risk arising principally from adverse changes and volatilities in the financial market may cause the risk of change in the fair value and cash flow of all the financial instruments held. The primary categories of market risk include interest rate risk, equity risk, and currency exchange rate risk.

1) Objectives, policies and processes of market risk management arising from financial instruments.

The objective of market risk management is to remains sound finance of the Company. A market risk limit is set for an asset items at fair value, and is reviewed at least once a year. In daily operations, the risks of every assets are calculated daily, and a monthly reviewing system is employed to maintain the Company's financial stability.

2) The measurements of market risk

The Company uses “Value at Risk” to measure the market risk of various financial instruments, and sets the "market risk limit" to monitor the value changed in relevant financial instruments, and regularly evaluates the rationality of the risk limits.

The Company uses the historical simulation method, selecting 750 days of historical data, 99% of the trust interval and 10 days holding period, to calculate and monitor the daily risk portfolio.

The risks of our financial instruments on December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Currency risk	$ 4,804,332	3,313,004
Interest rate risk	85,696	812,411
The risk of share price	6,697,035	4,686,788
Risk diversification	(5,802,742)	(5,331,623)
Total at risk	**$ 5,784,321**	**3,480,580**

The risk valuation model has its limitation, the Company regularly tests the market risk to ensure the rationality of the risk valuation model.

(Continued)

3) Interest rate sensitivity analysis

A change of 100 basis points ("BPS") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The changes of rates	Effects on profits before tax		Effects on other comprehensive income	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Major yield curve-up 100 BPS	-	(4,011)	(775,423)	(3,269,036)
Major yield curve-down 100 BPS	-	4,017	434,048	3,904,116

4) Taiwan Stock Exchange Capitalization Weighted Stock Index sensitivity analysis

The table below shows the effects on profits before tax and equities if the Company assumes the other variables remain consistent, Weighted Price Index of the Taiwan Stock Exchange increase or decrease by 10%.

Changes in the Weighted Stock Index of the Taiwan Stock Exchange	Effects on profits before tax		Effects on other comprehensive income	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Increase 10%	-	-	6,390,193	2,657,258
Decrease 10%	-	-	(6,390,193)	(2,657,258)

5) Foreign exchange risk

a) The carrying amount of the Company's financial instruments containing foreign currency assets and liabilities at the reporting date are listed as below by each currency.

	December 31, 2023			December 31, 2022		
	Local Currency	Exchange rate	TWD	Local Currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 27,768,897	30.74	853,477,035	28,004,145	30.71	859,951,293
AUD	236,309	20.91	4,940,986	235,956	20.87	4,923,476
CNY	2,780,267	4.32	12,003,270	3,384,970	4.44	15,024,820
NZD	82,836	19.41	1,607,523	146,300	19.43	2,842,897
HKD	-	-	-	61	3.94	240
EUR	85	34.01	2,906	87	32.77	2,849
JPY	370	0.22	80	1,397	0.23	325
SGD	6	23.28	143	6	22.91	140
KRW	13,634	0.02	325	13,634	0.02	332
			$ 872,032,268			882,746,372

	December 31, 2023			December 31, 2022		
	Local Currency	Exchange rate	TWD	Local Currency	Exchange rate	TWD
Non- monetary items						
USD	$ 277,327	30.74	8,523,659	677,460	30.71	20,803,431
EUR	-	-	-	7,983	32.77	261,578
HKD	51,774	3.93	203,717	191,927	3.94	755,923
AUD	-	-	-	9,705	20.87	202,496
CNY	-	-	-	147,518	4.44	654,746
JPY	-	-	-	1,362,326	0.23	317,286
KRW	3,691,582	0.02	87,876	3,691,582	0.02	89,941
			$ 8,815,252			**23,085,401**
Derivative						
USD	$ -	30.74	**13,143,750**	-	30.71	**6,035,151**
Financial liabilities						
Monetary items						
USD	$ 171,641	30.74	**5,275,386**	73,505	30.71	**2,257,181**
Derivative						
USD	$ -	30.74	19,595	-	30.71	3,137,667
NZD	-	-	-	-	19.43	128,535
AUD	-	20.91	42,519	-	20.87	123,484
			$ 62,114			**3,389,686**

b) Foreign exchange sensitivity analysis

The following table shows the impact of 1% fall in the exchange rates of the local currencies to New Taiwan Dollar. It will have profits before tax and equities, considering exchange rate hedging and excluding foreign currency policies.

Unit: Thousand dollar

Currency	Exchange Rate change	Effects on pretax profits		Effects on equities	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
USD	-1%	(2,106,523)	(1,225,654)	(1,748,742)	(1,129,448)
CNY	-1%	(120,062)	(149,233)	(96,049)	(122,380)
NZD	-1%	(15,789)	(8,178)	(12,632)	(6,542)
AUD	-1%	(43,932)	(7,916)	(35,145)	(7,395)
HKD	-1%	-	(2)	-	(3,903)
NZD	-1%	-	-	(724)	-

Based on the above assumptions, the Company's actual effects on the foreign exchange net gain/ loss due to the movement in foreign exchange may differ from the results of this sensitivity analysis.

(v) Operational risk

Operational risk is the potential for loss of the Company’ s financial instruments arising from the failure of people, process, technology or the impact of external events. The goal of the Company’ s operational risk management is to set up and implement sufficient risk management mechanisms; therefore, the Company's operation and management goals will be achieved by lowering the operational risk.

The Company sets up business regulations and internal control systems for each of its products and operating activities and the operating units are responsible to comply with them. Based on the laws and regulations, the nature of business and the operating processes, each of the Company’ s departments shall execute the procedures of internal control, self-audit and compliance with laws and regulations. Each department shall comply with the laws and regulations, internal chapters and hierarchical authorization to execute operational risk management. The Department of Legal & Compliance shall review all the external contracts or exchanged legal documents, and advice or a legal opinion from external lawyers may be required depending on the situation. Upon material damages or unusual conditions incurred in the internal operations, they shall be reported as the standard procedures and emergency meetings shall also be held to develop risk response strategies.

In addition, every department implemented Risk and Control Self-Assessment (RCSA), which not only included operational risks, but also incorporated various risk factors such as market risk and credit risk, in order to effectively identify, assess, monitor and control the potential operational risks.

The risk management department regularly prepares self-assess overall risk management reports to monitor various business risks across the Company, and to provide advices on overall risk management.

(vi) The amendments to interest rate benchmark reform-phase 2

The Company has completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), by the end of 2021. The Company’ s remaining IBOR exposures as at 31 December 2022, for financial bonds indexed to US dollar London Inter-bank Offered Rate (US dollar LIBOR) have been automatically converted from US dollar LIBOR to the Secured Overnight Financing Rate (SOFR) in accordance with appropriate fallback clauses.

The following tables show the total amounts of unreformed contracts and those with appropriate fallback language on December 31, 2023 and 2022. The amounts of financial assets are shown at their carrying amounts.

	USD LIBOR	
	Total amount of unreformed contracts	**Amount with appropriate fallback clause**
December 31, 2023		
Financial assets		
Financial bonds	$ -	2,182,970

(Continued)

	USD LIBOR	
	Total amount of unreformed contracts	**Amount with appropriate fallback clause**
December 31, 2022		
Financial assets		
Financial bonds	$ -	13,263,078

(ab) Nature and extent of risks from insurance contracts

(i) Objectives, policies, processes and methods for managing risks arising from insurance contracts.

1) Risk management's structure, organization and the authority scope

Please refer to note 6(aa)(i).

2) The scope and nature of the risk reporting and measurement system

Please refer to note 6(aa)(i).

3) The procedures for enduring, monitoring, supervising and controlling insurance risks, and policies to ensure appropriate risk classification and premium level.

a) Insurance risk management procedures.

i) The relevant departments shall identify the risks that may arise from its business.

ii) The relevant departments shall analyze the possibility of the risk and the impact on the company as the basis for the management and monitoring of the subsequent risks.

iii) The relevant departments should measure and summarize the risks, and take appropriate response.

b) Underwriting policy

To maintain the quality, and reduce the potential risk, of underwriting, the Company has prepared a manual on underwriting for guidance to assist the underwriters to easily identify different types of risks in a case-to-case basis in order to appropriately assess every risk to ensure a fair and reasonable judgment and to avoid adverse selection. In addition, the Company make rules on the system to improve its administrative efficiency and reduce human error. Moreover, insurance underwriters are trained professionally to enhance the ability of risk identification, ensuring the quality of solicitation, the safety of the Company’ s operation and providing customers full insurance coverage.

(Continued)

4) Assessing and managing the insurance risks on the corporate base.

The principal risks of the Company's issuance of insurance contracts are as follows.

a) Capital allocation risk: Risks arose from asset allocation that is not appropriate for characteristics of commodities.

b) Reinsurance risk: Risks arose from improper reinsurance planning.

c) Underwriting risk: Risks arose from improper underwriting control.

d) Commodity structure risk: Risks arose from improper product design and pricing.

5) Limit or transfer risk exposure and avoid inappropriate risk concentration.

For the risks above, the Company’ s methods are as follows:

a) Capital allocation planning: Reduce the risk of capital allocation through investment risk control and interest rate risk control, and effectively manage the risk of interest rate fluctuations in the portfolio.

b) Reinsurance planning: Through reinsurance, transfer all or part of the risk to the third party.

c) Underwriting control: Conduct insured limit, insured age limit, underwriting policies, risk control measures and necessary sales descriptions to reduce the risk of underwriting.

d) Commodity structure design: Conduct profit analysis, sensitivity test, check the ratio of the annual termination fee and the premiums paid for each policy, compared with similar products in the industry to ensure the design, pricing, and the rationality of the structure.

6) Assets and liabilities management.

a) Risk identification

Risks include at least three of the following factors.

i) Market risk: Mainly due to changes in interest rates, causing the difference between the change of price in assets and liabilities.

ii) Liquidity risk: Mainly refers to the absence of sufficient cash or liquidity assets to meet cash expenditures.

iii) Insurance risk: Mainly refers to the behavior of the guarantor causing cash flow of liabilities and assets cannot corporate to each other.

(Continued)

b) Risk measurement

The measurement methods are as follows:

i) Effective duration or effective convexity analysis.

ii) Cash flow management

iii) Deterministic scenario analysis

iv) Stress test

c) Risk response

Measure and summarize the risks and submit them regularly to the Risk Management Committee for review and discussion in order to conduct appropriate and feasible response.

i) Risk avoidance: Not to engage in or carry out the business activities or trade its assets and commodities.

ii) Risk transfer: Transfer all or part of the asset or liability risk to the third party through reinsurance or hedging.

iii) Risk control: Take appropriate control measures to reduce the possibilities of risk and the negative impacts.

(ii) Insurance contracts' credit risk, liquidity risk and market risk.

1) Credit risk

To the Company, the credit risk includes the risk that the reinsurer will fail to meet the obligations of the reinsurance contract, causing loss to the insurer. Financial guarantee contract means that the guarantor must make up for the loss of the contract holder when the debtor cannot pay the debt. The Company does not hold a financial guarantee contract. To avoid the above risks, the Company follow the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" to arrange reinsurance. Also, these reinsurance companies have certain credit rating which meet the requirements of reinsurer, and the credit ratings are periodically evaluated.

According to "The Provision of Unqualified Reinsurance Reserve" fifth point, the Company disclosed the ceding of the unqualified reinsurance in its financial statements and the substance including the summary of unqualified reinsurance contracts and related sort, unqualified reinsurance expense, the amount of the unqualified reinsurance reserve, and the principled summary of the composition.

2) Liquidity risk

The Company uses cash flow maturity analysis to assess liquidity risk. As of December 31, 2023 and 2022, the liquidity risks of the Company's insurance contract net cash outflow (Inflow) are as follows:

Unit: Million dollar

	December 31, 2023				
	Less than 1 year	**1~3 years**	**3~5 years**	**5~15 years**	**Above 15 years**
Insurance liabilities with discretion to participate in the characteristic investment contract	$ 9,725	20,529	29,294	295,766	3,134,652

Unit: Million dollar

	December 31, 2022				
	Less than 1 year	**1~3 years**	**3~5 years**	**5~15 years**	**Above 15 years**
Insurance liabilities with discretion to participate in the characteristic investment contract	$ 195	5,669	20,085	311,433	3,015,759

Note: The form above is not able to do reference with the balance sheet, due to the contract is not discounted cash flow analysis of the maturity date, including the future renewal of premium income cash inflows.

3) Market risk

a) When the Company assesses the properness of the insurance liabilities, the company's overall return on investment (ROI) is the basis for discounting, so the market risk is reflected in the discount rate. Market risk includes at least the following four risk factors.

i) Interest rate risk: Refers to the impairment of assets due to the changes of interest rate.

ii) Exchange rate risk: Refers to the impairment of assets due to the changes of exchange rates.

iii) Equity securities risk: Refers to the impairment of market value due to the fluctuation of equity asset price.

iv) Commodity risk: Refers to the impairment of market price due to the fluctuation of commodity price.

b) Market risk measurement: The Company performs discount rate sensitivity analysis to measure the impact of market risk.

(Continued)

c) Measurements to reduce the impact causing by changes in market.

i) Assets: Regularly calculate market risk, and conduct periodic risk reports to understand the market risk of the assets.

ii) Liabilities: Issuance of separate account contracts and floating rate contracts to reduce the market risk.

iii) Assets and liabilities: Reduce the duration differences between assets and liabilities to reduce the impact of market risk.

(iii) When derivative embedded commodity is not measured at fair value, the market risk of the derivative embedded commodity is as follows:

1) The Company issues three types of derivative embedded commodity that are not valued at market price.

a) First type: The contract holder has the option to terminate the contract on agreed value.

b) Second type: Derivative embedded commodity with guaranteed minimum interest rate: the interest rate is used to determine the termination value or the maturity value, and the contract is issued at the money or out of the money, and without the leverage effect.

c) Third type: The death benefit is the greater of the following.

i) The unit value of investment fund (equivalent to the compensation for termination or maturity value)

ii) Guaranteed minimum payment.

2) Market risk exposure information.

a) First type: Company’ s overall return on investment is lower than the average estimated interest rate.

b) Second type: Company's overall return on investment or segmental return on assets is lower than the estimated interest rate.

c) Third type: Value of the separate account declined rapidly, resulted in value lower than guaranteed minimum amount of the death benefits, thus the cost of life insurance is insufficient.

(iv) Insurance risk information.

1) Sensitivity of insurance risk- Insurance contract and financial products with discretionary participation.

Information on the impact of net income before tax and equity.

Unit: Thousand dollar

Actuarial assumptions	December 31, 2023		
	Change assumption	Effect on profits before tax	Effect on equity
Life table / morbidity	+10%	(1,917,449)	(1,533,959)
	-10%	1,917,449	1,533,959
Return on investment / discount rate	+0.25%	3,291,720	2,633,376
	-0.25%	(3,291,720)	(2,633,376)
Fee	+10%	(437,594)	(350,075)
	-10%	437,594	350,075
Retreat rate and termination rate	+10%	119,925	95,940
	-10%	(119,925)	(95,940)

Unit: Thousand dollar

Actuarial assumptions	December 31, 2022		
	Change assumption	Effect on profits before tax	Effect on equity
Life table / morbidity	+10%	(1,724,316)	(1,379,453)
	-10%	1,724,316	1,379,453
Return on investment / discount rate	+0.25%	3,258,139	2,606,511
	-0.25%	(3,258,139)	(2,606,511)
Fee	+10%	(441,209)	(352,967)
	-10%	441,209	352,967
Retreat rate and termination rate	+10%	119,405	95,524
	-10%	(119,405)	(95,524)

The table illustrates the impact of changing in net income before tax refers for the years ended December 31, 2023 and 2022. Impact of equity is based on 20% tax rate.

2) Description of Insurance risk concentration

a) When identifying insurance risk concentration, excludes the factor of reinsurance, the following situations may cause insurance risk concentration.

i) Currently, the Company does not cover contracts with risk that the occurrence is low, but the impact is significant.

ii) Risk exposure of multiple contracts causing by one single situation such as significant terrorist attack.

iii) Risk exposure caused by unexpected changes, such as mortality rate, morbidity, or changing behavior of the insured.

(Continued)

iv) Significant changes of financial market conditions, causing the policyholders' option becomes in the money.

v) Significant lawsuit or legal risk, resulting in a significant loss in a single or multiple contracts, such as large sum of indemnity and reputation loss after losing the lawsuit.

vi) The interrelationships and interactions between risks, such as the underwriting policy may be for clients that have specific behavior.

vii) A key variable is close to a significant factor to influence the future cash flow in nonlinear relationship.

viii) Regional and industrial risks, the Company's business in the north, middle and south three areas, marketing objects are not targeted for specific groups. This items should be insurance risk diversification.

b) In accordance with "Regulations Governing Insurance Enterprises for Setting Aside Various Reserves," the Company set aside special catastrophe reserve to cover significant claims resulting from major accidents that will incur in the future, and special risk-volatility to cover change in loss rate by each type of insurance and abnormal claims. On January 1, 2011, the annual increase in deposits should be in accordance with the IAS 12 after deducting the income tax under other comprehensive income of shareholder's equity.

3) Claims development trend

On December 31, 2023 and 2022, the accumulated claims amount are as follows:

a) Claims development trend of direct business.

December 31, 2023

Accident	Years of development												Claims
Year	0	1	2	3	4	5	6	7	8	9	10	11	Reserve
2012	$	3,637,724	3,705,026	3,728,376	3,740,360	3,744,586	3,757,409	3,757,409	3,757,409	3,757,409	3,757,409	3,757,409	4,393
2013	3,073,539	3,830,498	3,913,358	3,924,586	3,930,775	3,941,696	3,941,696	3,941,696	3,941,696	3,941,696	3,941,696	3,941,696	732
2014	3,338,136	4,124,064	4,213,515	4,229,425	4,241,090	4,256,184	4,256,184	4,256,184	4,256,184	4,256,184	4,256,184	4,256,184	2,196
2015	3,676,775	4,542,442	4,632,340	4,667,449	4,689,284	4,705,705	4,705,705	4,705,705	4,705,705	4,705,705	4,705,705	4,705,705	2,235
2016	4,125,335	5,152,190	5,301,784	5,376,913	5,445,705	5,487,710	5,487,710	5,487,710	5,487,710	5,487,710	5,487,710	5,487,710	1,040
2017	3,321,722	4,084,430	4,165,036	4,179,806	4,186,415	4,190,522	4,190,522	4,190,522	4,190,522	4,190,522	4,190,522	4,190,522	-
2018	4,105,120	4,994,680	5,079,467	5,091,286	5,097,618	5,102,540	5,102,540	5,102,540	5,102,540	5,102,540	5,102,540	5,102,540	-
2019	4,835,230	5,816,526	5,912,188	5,934,852	5,945,649	5,950,982	5,950,982	5,950,982	5,950,982	5,950,982	5,950,982	5,950,982	5,333
2020	5,257,314	6,403,176	6,514,194	6,544,959	6,552,832	6,558,742	6,558,742	6,558,742	6,558,742	6,558,742	6,558,742	6,558,742	13,783
2021	5,814,213	7,126,919	7,283,549	7,309,966	7,318,810	7,325,436	7,325,436	7,325,436	7,325,436	7,325,436	7,325,436	7,325,436	41,886
2022	6,801,648	8,257,224	8,394,333	8,422,866	8,432,628	8,440,404	8,440,404	8,440,404	8,440,404	8,440,404	8,440,404	8,440,404	183,180
2023	7,849,896	9,452,745	9,604,043	9,635,377	9,646,463	9,655,427	9,655,427	9,655,427	9,655,427	9,655,427	9,655,427	9,655,427	1,805,532

Total	$ 2,060,310
Reported unpaid claims- long- term insurance	271,000
	$ 2,331,310
Unreported unpaid claims reserve	$ 1,798,565
Add: Reported but not approved claims (exclude contracts with financial product nature)	532,745
Balance of claims reserve	**$ 2,331,310**

(Continued)

December 31, 2022

Accident Year	Years of development											Claims Reserve
	0	1	2	3	4	5	6	7	8	9	10	
2012	2,961,202	3,637,724	3,705,026	3,728,376	3,740,360	3,744,586	3,757,409	3,757,409	3,757,409	3,757,409	3,757,409	300
2013	3,073,539	3,830,498	3,913,358	3,924,586	3,930,775	3,941,696	3,941,696	3,941,696	3,941,696	3,941,696	3,941,696	2,027
2014	3,338,136	4,124,064	4,213,515	4,229,425	4,241,090	4,256,184	4,256,184	4,256,184	4,256,184	4,256,184	4,256,184	2,139
2015	3,676,775	4,542,442	4,632,340	4,667,449	4,689,284	4,705,705	4,705,705	4,705,705	4,705,705	4,705,705	4,705,705	2,852
2016	4,125,335	5,152,190	5,301,784	5,376,913	5,445,705	5,487,710	5,487,710	5,487,710	5,487,710	5,487,710	5,487,710	6,417
2017	3,321,722	4,084,430	4,165,036	4,179,806	4,186,415	4,190,522	4,190,522	4,190,522	4,190,522	4,190,522	4,190,522	-
2018	4,105,120	4,994,680	5,079,467	5,091,286	5,097,618	5,104,032	5,104,032	5,104,032	5,104,032	5,104,032	5,104,032	6,414
2019	4,835,230	5,816,526	5,912,188	5,934,852	5,942,169	5,949,360	5,949,360	5,949,360	5,949,360	5,949,360	5,949,360	14,508
2020	5,257,314	6,403,176	6,514,194	6,534,409	6,542,411	6,550,264	6,550,264	6,550,264	6,550,264	6,550,264	6,550,264	36,070
2021	5,814,213	7,126,919	7,246,643	7,268,935	7,277,831	7,286,559	7,286,559	7,286,559	7,286,559	7,286,559	7,286,559	159,640
2022	6,801,648	8,199,282	8,329,400	8,354,002	8,363,991	8,373,854	8,373,854	8,373,854	8,373,854	8,373,854	8,373,854	1,572,206

Total	$ 1,802,573
Reported unpaid claims- long- term insurance	275,255
	$ 2,077,828
Unreported unpaid claims reserve	$ 1,594,026
Add: Reported but not approved claims (exclude contracts with financial product nature)	483,802
Balance of claims reserve	**$ 2,077,828**

b) Claims development trend of retention business

December 31, 2023

Accident Year	Years of development												Claims Reserve
	0	1	2	3	4	5	6	7	8	9	10	11	
2012	2,955,809	3,626,644	3,693,946	3,717,296	3,729,063	3,733,289	3,746,112	3,746,112	3,746,112	3,746,112	3,746,112	3,746,112	4,393
2013	3,069,522	3,823,459	3,906,315	3,917,543	3,923,732	3,934,731	3,934,731	3,934,731	3,934,731	3,934,731	3,934,731	3,934,731	732
2014	3,329,954	4,115,758	4,204,403	4,220,261	4,231,926	4,247,020	4,247,020	4,247,020	4,247,020	4,247,020	4,247,020	4,247,020	2,196
2015	3,666,549	4,525,082	4,614,119	4,649,228	4,671,063	4,687,484	4,687,484	4,687,484	4,687,484	4,687,484	4,687,484	4,687,484	2,235
2016	4,110,406	5,127,656	5,276,209	5,350,309	5,416,238	5,458,244	5,458,244	5,458,244	5,458,244	5,458,244	5,458,244	5,458,244	6,417
2017	3,312,168	4,072,218	4,151,157	4,165,926	4,172,536	4,176,643	4,176,643	4,176,643	4,176,643	4,176,643	4,176,643	4,176,643	-
2018	4,079,265	4,962,152	5,042,631	5,054,450	5,060,783	5,065,705	5,065,705	5,065,705	5,065,705	5,065,705	5,065,705	5,065,705	-
2019	4,823,566	5,800,141	5,895,715	5,918,378	5,929,175	5,934,507	5,934,507	5,934,507	5,934,507	5,934,507	5,934,507	5,934,507	5,332
2020	5,242,219	6,371,927	6,482,945	6,513,710	6,521,519	6,527,406	6,527,406	6,527,406	6,527,406	6,527,406	6,527,406	6,527,406	13,695
2021	5,772,234	7,054,832	7,210,967	7,237,042	7,245,756	7,252,325	7,252,325	7,252,325	7,252,325	7,252,325	7,252,325	7,252,325	41,358
2022	6,734,861	8,166,752	8,301,747	8,329,969	8,339,599	8,347,295	8,347,295	8,347,295	8,347,295	8,347,295	8,347,295	8,347,295	180,543
2023	7,762,975	9,327,452	9,476,081	9,507,030	9,517,956	9,526,813	9,526,813	9,526,813	9,526,813	9,526,813	9,526,813	9,526,813	1,763,838

(Continued)

December 31, 2022

Accident Year	Years of development										Claims Reserve
	0	1	2	3	4	5	6	7	8	9	10	
2012	2,955,809	3,626,644	3,693,946	3,717,296	3,729,063	3,733,289	3,746,112	3,746,112	3,746,112	3,746,112	3,746,112	300
2013	3,069,522	3,823,459	3,906,315	3,917,543	3,923,732	3,934,731	3,934,731	3,934,731	3,934,731	3,934,731	3,934,731	2,026
2014	3,329,954	4,115,758	4,204,403	4,220,261	4,231,926	4,247,020	4,247,020	4,247,020	4,247,020	4,247,020	4,247,020	2,139
2015	3,666,549	4,525,082	4,614,119	4,649,228	4,671,063	4,687,484	4,687,484	4,687,484	4,687,484	4,687,484	4,687,484	2,852
2016	4,110,406	5,127,656	5,276,209	5,350,309	5,416,238	5,458,244	5,458,244	5,458,244	5,458,244	5,458,244	5,458,244	6,417
2017	3,312,168	4,072,218	4,151,157	4,165,926	4,172,536	4,176,643	4,176,643	4,176,643	4,176,643	4,176,643	4,176,643	-
2018	4,079,265	4,962,152	5,042,634	5,054,453	5,060,785	5,067,140	5,067,140	5,067,140	5,067,140	5,067,140	5,067,140	6,355
2019	4,823,566	5,800,141	5,895,715	5,918,378	5,925,688	5,932,875	5,932,875	5,932,875	5,932,875	5,932,875	5,932,875	14,497
2020	5,242,219	6,371,927	6,482,945	6,503,033	6,510,987	6,518,798	6,518,798	6,518,798	6,518,798	6,518,798	6,518,798	35,852
2021	5,772,234	7,054,832	7,172,140	7,194,180	7,202,979	7,211,621	7,211,621	7,211,621	7,211,621	7,211,621	7,211,621	156,789
2022	6,734,861	8,112,594	8,240,709	8,265,068	8,274,958	8,284,727	8,284,727	8,284,727	8,284,727	8,284,727	8,284,727	1,549,866

The Company recognizes the claims reserve based on expected future payments and handling charges of both reported and unreported claims. Provision for claims reserves contains highly complexity because it involves many uncertainties, estimations, and judgments. Any changes in estimation and judgment are regarded as changes in accounting estimates; the effect from the changes will book in the net income of current period. Some claims might be delayed reporting to the Company. When estimating the expected possible claims of unreported claims, the Company may get involved in previous claim experiences and subjective judgments. Therefore, the claims reserve recognized at balance sheet date cannot be confined as the same as the final claim payments. Claims reserve recognized is estimated based on the current available information. However, the final result may be departed from the initial estimation subject to the subsequent claims development.

The tables above present the development trend of claim. Each accident year means claim year, the horizontal represents the development years of the claim, and each bold line represents the accumulated incurred claims amount of each accident year on December 31. The claims amount contains the approved and non-approved claims that express the way the Company estimates claims amount of each accident year through time passing. Situations and trends that affecting amount of setting aside for reserves may differ in the future. Therefore, expected future claims payments will not be decided by the table above.

(ac) Capital management

Based on the capital adequacy ratio laws and regulations stipulated by the Insurance Bureau of the Financial Supervisory Commission, the Company will be able to strengthen the ability to exercise solvency at risk, to protect the interests of policyholders, and to realize the interests of shareholders and other interested parties, through the semi-annual and annual capital adequacy reports, the net worth ratio report, internal periodic assessment and risk management operations.

The company’s capital management is also subject to the relevant R.O.C. regulations, for example, security of business deposited in the Central Bank of the Republic of China, provisions of legal reserve and special reserve, and so on. Please refer to note 6(x) and 8.

According to the "Regulations Governing Capital Adequacy of Insurance Companies," the risk-based capital ratio (hereinafter referred to as the "RBC ratio") equals to adjusted net capital ratio divided by RBC ratio, and the net worth ratio equals to owners' equity in audited financial statement divided by total assets excluding the separate account assets. The Company uses the lower rate of RBC ratio and net worth ratio as its risk-based capital ratio level. When the RBC ratio of an insurance company indicates its capital is inadequate, significantly inadequate or seriously inadequate, the insurance company shall not buy back its stock shares and distribute its net income of the year for which the RBC Ratio Report is filed. Also, the competent authority may take necessary supervisory measures in accordance with paragraph 6, article 143 and section 1, paragraph 3, article 149 of the Insurance Law. Due to the influence of the Russian-Ukrainian war, the major fluctuations of the global economy, and the changes in laws and regulations, the Company's RBC ratios and net worth ratios failed to achieve the required minimum rate established by the administration in 2022. In addition, the unexpected high hedging cost in 2023 resulted in unsatisfactory profits for the Company, therefore, the Company's RBC ratio and net worth ratio also failed to achieve the required minimum rate established by the administration in 2023. In order to increase the RBC ratios and net worth ratios, the Company has developed an improvement plan specifically targeting to increase its working capital and strengthen its financial structure. The completion of the above-mentioned improvement plan will result in an the increase in both RBC ratios and net worth ratios of the Company.

(ad) Changes of liabilities arising from financing activities

The Company's financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

(i) The Company acquires right-of-use assets under operating and finance leases. Please refer to note 6(i).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash change	December 31, 2023
Guarantee deposits received	$ 2,377,277	3,019,252	-	5,396,529
Lease liabilities	174,634	(185,414)	353,763	342,983
Bonds payable	8,500,000	-	-	8,500,000
Total liabilities arising from financing activities	**$ 11,051,911**	**2,833,838**	**353,763**	**14,239,512**

	January 1, 2022	Cash flows	Lease change	December 31, 2022
Guarantee deposits received	$ 1,652,490	724,787	-	2,377,277
Lease liabilities	241,597	(187,117)	120,154	174,634
Bonds payable	8,500,000	-	-	8,500,000
Total liabilities arising from financing activities	**$ 10,394,087**	**537,670**	**120,154**	**11,051,911**

(ae) Involvement with unconsolidated structured entities

The Company holds the following structured entities. The assessment shows that the Company has no control over its entities and is not exposed to their variable returns. Therefore, they are not consolidated into the Company's financial report.

Type	Nature and purpose	Interest of the Company
Securitization vehicles	The Company purchases securitization vehicles to gain profits, interests and other incomes to improve its investment income, including fixed-income securities, financial asset securitization beneficial securities, asset-backed commercial paper conduit, collateralized loan obligations, and mortgage- backed securitizations. The vehicles were financed by issuing various Level (tranche) bonds to investors.	Securitization vehicles
Private equity fund	The Company invests in the private equity fund and manages the trust assets by the third party, and then distributes the fund proceeds to the consolidated company to increase the investment income. The vehicles are financed by issuing the funds (unit) to the investors.	Unit of the private equity funds
REIT securities	The Company invests in titles or issues certificates on REIT funds delivered by the trustee, evidencing the beneficiary interests in the trust property in terms of the principal and profits, interest, and other proceeds accrued. The vehicles were financed by issuing the document of the titles or the certificate on REIT funds delivered by the trustee.	Unit of REIT securities
Transfer of REIT	The Company invests in the transfer of REIT in order to benefit from the proceeds of the development or sale of the property. The vehicles are financed by issuing the transfer of trusts to the investors.	Unit of REIT securities

The Company considers the natures of various structured entities, and disclosure its scale of net assets, total assets or total outstanding principal. Those scales on December 31, 2023 and 2022, are as follows.

	Scale	December 31, 2023	December 31, 2022
Securitization vehicles	Total balances	$ 20,829,420	23,898,752
Private equity fund	Total outstanding principal	13,521,012	11,521,790
REIT beneficiary securities	Total outstanding principal	-	312,653,990
Total		**$ 34,350,432**	**348,074,532**

(Continued)

The following table summarizes the carrying amount of the Company's maximum exposure to loss from its involvement with its unconsolidated structured entities on December 31, 2023 and 2022.

December 31, 2023	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Securitization vehicles	-	-	11,417,966	11,417,966
Private equity fund	1,368,753	-	-	1,368,753
Total	**1,368,753**	**-**	**11,417,966**	**12,786,719**

December 31, 2022	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Securitization vehicles	-	-	12,418,838	12,418,838
Private equity fund	1,166,876	-	-	1,166,876
REIT beneficiary securities	132,809	-	-	132,809
Total	**1,299,685**	**-**	**12,418,838**	**13,718,523**

For the years ended December 31, 2023 and 2022, the Company did not provide unconsolidated structured entities financial or other support, and had no intention to provide structured entities financial or other support, either. For the years ended December 31, 2023 and 2022, loss related to interest of unconsolidated structured entities did not occur.

(af) Transfer of financial assets

The transferred financial assets of the Company that are not qualified for de-recognition in the daily operation, are government bonds under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Company cannot use, sell or pledge these transferred financial assets during the valid transaction period. The Company is still exposed to market risks, and therefore do not completely derecognize the transferred assets.

For the years ended December 31, 2023 and 2022, there were no transfer of financial assets.

(7) Related-party transactions:

(a) Parent company and ultimate controller

Mercuries & Associates, Holding Ltd is the Parent company and ultimate controlling party of the Group; Mercuries & Associates, Holding Ltd has prepared a consolidated financial report for public use.

(Continued)

(b) Names and relationship with related parties

Related companies trading within the financial reporting period are as follows:

Name of the related party	Relationship with the Company
Mercuries & Associates Holding Ltd.	Parent company
Fuh Hwa Securities Investment Trust Co., Ltd.	Associate(Note)
Horizon Securities Co., Ltd	Associate
CMG International Two Co., Ltd.	Associate
Mercuries & Associates Ltd.	Other related party
Mercuries Furniture Co., Ltd.	Other related party
Mercuries & Associates Ltd. Employee Welfare Committee	Other related party
SCI Pharmtech Inc.	Other related party
Horizon Securities Investment Consultant Co., Ltd	Other related party
Criminal Investigation and Prevention Association, R.O.C.	Other related party
Taiwan Slow Pitch Softball Association	Other related party
Mercuries Insurance Agency	Other related party
Mercuries Liquor & Food Co., Ltd.	Other related party
Taiwan Tee Ball Association	Other related party
Sanyou Drugstores, Ltd.	Other related party
Simple Mart Retail Co., Ltd.	Other related party
Police Academics Foundation	Other related party
Taiwan Masters Golf Foundation	Other related party
Mercuries F&B Co., Ltd. Employee Welfare Committee	Other related party
Mercuries F&B Co., Ltd.	Other related party
Mercuries Fu Bao Ltd.	Other related party
Mercuries Data Systems Ltd.	Other related party
Simple Mart Plus Co., Ltd.	Other related party
Digicentre Co., Ltd.	Other related party
Sanor Co., Ltd.	Other related party
Shufeng Investment Co., Ltd.	Other related party
Key management personnel of the Company or the Group	The parent company’ s chairman, the chairman, directors (including independent directors), general manager, deputy general manager and department head of the Company.

(Continued)

Name of the related party	Relationship with the Company
Other related parties	Other related people. The spouses, the second immediate family of the chairman and general manager of the Company. The spouses of the directors (including independent directors) and the managerial officer of the Company.

Note: The Company lost its significant influence over the associate in the first quarter of 2023. Thus, the associate was no longer a related party of the Company since the first quarter of 2023.

(c) Significant transaction with related- party

(i) Secured loan

The details of real estate mortgage and movable property mortgage for key management personnel and other related people were as follows:

	December 31, 2023	December 31, 2022
Real estate mortgage and movable property mortgage	**$ 51,452**	**72,863**
Interest receivable	**$ 27**	**34**

	2023	2022
Interest revenue	**$ 1,114**	**1,180**
Interest rate range	**1.67%~2.32%**	**1.31%~2.07%**

(ii) Premium income

	2023	2022
Associate	$ 1,908	2,071
Key management personnel of the Company or the Parent company	4,788	4,897
Other related parties	28,800	27,311
	$ 35,496	**34,279**

(iii) Leases

The Company rented the building for office and parking lot and renewed a 2 year lease contract with the parent company amounted to $45,317 thousand in January 2022. One of the buildings, where the Company leased for its office and parking lot use, had been disposed by Mercuries & Associates Holding Ltd. on December 15, 2022. For the years ended December 31, 2023 and 2022, the Company recognized interest expense amounted to $7 thousand and $326 thousand, respectively; as of December 31, 2023 and 2022, the balance of lease liability was amounted to $0 thousand and $1,441 thousand, respectively.

(Continued)

The Company rented the building for office and parking lot and renewed a 2 year lease contract with Mercuries Fu Bao Ltd. amounted to $27,528 thousand in January 2022. The building, where the Company leased for its office and parking lot use, had been disposed by Mercuries Fu Bao Ltd. on December 15, 2022. For the years ended December 31, 2023 and 2022, the Company recognized interest expense amounted to $0 thousand and $197 thousand, respectively; as of December 31, 2023 and 2022, the balance of lease liability was amounted to both $0 thousand.

(iv) Prepaid expense

	December 31, 2023	December 31, 2022
Other related parties	$ 815	9

The details above are fees for electronic commerce platform, software and gift certificate.

(v) Property transactions

1) Purchases of property, plant and equipment and other assets

	December 31, 2023	December 31, 2022
Other related parties	$ -	1,628

The details above are information on equipment, business platform, application software, and office equipment. Accounts payables from the above transactions are as follows:

	December 31, 2023	December 31, 2022
Other related parties	$ -	528

2) Disposals of property, plant and equipment

	2023		2022	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain (loss) on disposal
Mercuries Data Systems Ltd.	$ -	-	283,000	168,452

The Company entered into an agreement with Mercuries Data Systems Ltd. for the disposal of its land and building located at the 4F of Taipei World Trade Building in Xinyi Dist., Taipei City, at a total amount of $283,000 thousand (including VAT), of which, the land area of 47.43 square meters amounted to $235,184 thousand (including VAT), and the building amounted to $47,816 thousand (including VAT). As of December 31, 2022, the transfer procedure has been completed.

(vi) Outsourcing of investment management service

The Company appoints its associates as its fund manager of its investment portfolios. The management expenses charged by associates during each period were as follows:

	2023	2022
Fuh Hua Securities Investment Trust Co., Ltd.	$ -	6,035

(Continued)

Account payables from above transactions are as follows:

	December 31, 2023	December 31, 2022
Fuh Hua Securities Investment Trust Co., Ltd.	**$ -**	**-**

(vii) Other operating expense

	2023	2022
Parent company	$ 1,650	1,539
Associate	9,594	9,508
Other related parties	54,506	65,169
	$ 65,750	**76,216**

The above transactions were computer expenses, system maintenance fees and advertising expenses. Accounts payables from above transactions were as follows:

	December 31, 2023	December 31, 2022
Associate	$ 310	400
Other related parties	646	-
	$ 956	**400**

(viii) Rental income

	2023	2022
Other related parties	**$ 16,507**	**15,032**

The agreed rental revenues are based on the real estate leasing quotes, and are received monthly.

(ix) Guarantee deposits received

	December 31, 2023	December 31, 2022
Other related parties	**$ 3,082**	**3,082**

(x) Service fee income and non-operating income and expense

	2023	2022
Associate	$ 7,533	25,079
Other related parties	450	432
	$ 7,983	**25,511**

The Company held funds issued by associates under FVOCI assets. The balances at the end of the period were as follows:

	December 31, 2023	December 31, 2022
Funds	**$ -**	**106,350**

(Continued)

(xi) Service fee expense

The service fee expenses related to purchase securities through the Company's associate were as follows:

	2023	2022
Associate	**$ 12,558**	**9,500**

For the years ended December 31, 2023 and 2022, the service fee related to stock purchase amounted to $7,018 thousand and $5,159 thousand, respectively, which were recognized as cost of stock purchase; and the service fee from selling stock amounted to $5,540 thousand and $4,341 thousand, respectively, which were recognized as cost of stock disposal.

(xii) The Company held information of the securities measured by the equity method please refer to Note 6(d).

(xiii) Bonds payable

The Company issued the first perpetual cumulative subordinated corporate bonds amounting to $1,000,000 thousand. As mentioned above, the amounts of the bonds held by the related parties were as follows:

	December 31, 2023	December 31, 2022
Parent company	$ 250,000	250,000
Associate	200,000	200,000
Other related parties	60,000	60,000
	$ 510,000	**510,000**

The above transactions of interest expense and accrued interests were as follows:

Interest expense:

	2023	2022
Parent company	$ 8,250	8,250
Associate	6,600	6,600
Other related parties	1,980	1,980
	$ 16,830	**16,830**

Accrued interests:

	December 31, 2023	December 31, 2022
Parent company	$ 2,554	2,554
Associate	2,043	2,043
Other related parties	613	613
	$ 5,210	**5,210**

(Continued)

(xiv) Salaries of key management personnel were as follows:

	2023	2022
Short term employee benefit	$ 185,993	204,583
Post- employment benefit plan	4,820	4,993
Share-based payments	217	1,327
	$ 191,030	**210,903**

(8) Pledged assets:

The carrying amounts of the Company's pledge assets were as follows:

Asset name	Pledge asset	December 31, 2023	December 31, 2022
Government bonds	Operating bonds	$ 9,363,912	9,357,840
Government bonds	Futures margin	3,776,658	-
Negotiable certificates of deposit	Security deposit of application for provisional attachment	4,800	6,500
		$ 13,145,370	**9,364,340**

In accordance with the insurance law and related regulations, the Company paid the operating bonds with government bonds, then deposit them in the central bank. As of December 31, 2023 and 2022, the par value of the deposits was both $9,400,000 thousand.

The Company provided government bonds as security deposit to counterparty for conducting foreign exchange forward transactions, resulting in the government bonds to be recorded as ring-fenced deposits in the Company's original custodian bank accounts. As of December 31, 2023 and 2022, the par value of the deposits were $3,800,000 thousand and $0 thousand, respectively.

(9) Commitments and contingencies:

(a) The Company has 11 significant lawsuits related to the insurance business. The total amount of claim is $41,777 thousand. The Company has assessed the appropriate amount of the compensation reserve, and these lawsuits are currently in court.

(b) As of December 31, 2023 and 2022, the investment contracts signed by the Company, with the amounts not yet invested in the Commitment of US$27 thousand and NT$316,621 thousand; US$298 thousand and NT$568,085 thousand.

(c) As of December 31, 2023, the unpaid amount of the contract of information system that the Company has signed is $1,362,907 thousand.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

(12) Other:

(a) The summary of employee benefit, depreciation and amortization was as follows:

By function / By item	For the years ended December 31 2023			For the years ended December 31 2022		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Employee benefits						
Salary	3,789,479	1,699,906	5,489,385	3,838,268	1,763,584	5,601,852
Labor and health insurance	300,043	149,811	449,854	299,467	141,066	440,533
Pension	354,303	104,006	458,309	140,881	91,532	232,413
Directors' remuneration	-	13,260	13,260	-	21,862	21,862
Others	10,427	113,112	123,539	11,344	104,133	115,477
Depreciation	-	408,864	408,864	-	406,732	406,732
Amortization	-	97,117	97,117	-	83,035	83,035

For the 2023 and 2022, the total numbers of employees and employee benefits were as follows:

	2023	2022
Number of employees	**5,474**	**5,874**
Number of directors who were not employees	**11**	**9**
The average employee benefit	**$ 1,194**	**1,090**
The average salaries and wages	**$ 1,005**	**955**
The adjustment rate of average employee salaries	**5.24%**	**6.58%**
Compensation to supervisors	**$ -**	**-**

(Continued)

The Company's policy (for directors, executive officers and employees) is as follows:

Per personnel Item	Directors and managerial officers	Employees
Remuneration payment policy, standards, and portfolios, as well as remuneration determination procedure	1.In accordance with Article 17 of the Articles of Association of the Company, the Board of Directors is authorized to negotiate and determine the remuneration paid to the directors (including independent directors) based on their participation in the corporation operation as well as value contributed and based on the normal remuneration level in the industry.	1.To attract outstanding talents, spur growth, and demonstrate fairness, the Company formulated an objective compensation policy, wherein salary is determined according to education, job position, and rank, achieving the goal of "Gender equality, equal pay for equal work". To ensure a competitive advantage in recruiting talents, the Company offered fresh graduates a starting salary higher than the market level. Based on each segment's annual business plan, the Company and employees set annual performance objectives together. In addition, year-end bonus and salary adjustment are implemented in accordance with individual performance appraisal. The Company, through the compensation system, aims to encourage every employee to excel with confidence and motivation in his or her career.
	2.For the remuneration policy for managerial officers, competitive remuneration that reveals managerial officers' work performance is determined based on their work responsibilities, work experience, inflation, market level, and other relevant levels; the remuneration system is reviewed as appropriate based on the actual operating condition and relevant laws and regulations. Also, reasonable remuneration will be paid in comprehensive consideration of the current trend of the corporate governance, to pursue a balance between corporate sustainable management and risk control. 3.A Remuneration Committee is set up in the Company to periodically review the remuneration policies and regulations adopted for the directors and managerial officers of the Company according to "Regulations Governing Remuneration of Directors and Managerial Officers", and make suggestions to the Board of Directors.	2.Participate in external market salary research agencies to obtain market salary benchmarks, which serve as references for setting the Company's remuneration.

(Continued)

Per personnel Item	Directors and managerial officers	Employees
	The remuneration determination principles are as follows: (1)Refer to the normal remuneration payment level in the industry, and consider the reasonableness of relevancy with individual performance, corporate operating performance, and future risks. (2)It is not advisable to lead directors and managerial officers to adopt behaviors beyond the Company's risk tolerance for the purpose of pursing remuneration. (3)Establish performance assessment and remuneration standard or structure rule based on the performance after adjustment of future risks and in coordination with the Company's long-term overall profits and shareholders' interests. (4)The payment time of remuneration shall accord with the profits after adjustment of future risks to avoid improper situations such as losses suffered after payment of remuneration. The remuneration reward shall be deferred or paid using equity with a significant proportion. (5)The insurance industry shall be analyzed comprehensively during the evaluation of the contributions of directors and managerial officers to corporate profits, to find out whether such profits are obtained relying on the Company's overall advantages such as use of relatively low capital cost of the Company so that the individual contributions can be evaluated effectively. (6)The relevancy of operating performance with future risks and the distribution ratios of remuneration/reward paid to the directors of the Company shall be handled according to the provisions of Article 22 of the Articles of Association. If the Company makes a profit in current year (i.e., income obtained after deduction of rewards distributed to employees and directors from the income before tax. Relevant amount audited by CPAs shall be used as the basis for calculation), it shall set aside no more than 1% of the preceding profit as director reward (not including independent directors); for remuneration paid to president and vice presidents, individual performance will be included as reference for payment in addition to the factors indicated in paragraph 3here. Therefore, the Company's operating performance directly affects the payment of remuneration.	

(Continued)

(b) The assets and liabilities of the Company are expected to be recovered or paid within twelve months after the end of the reporting period, and the amount recovered or paid in more than twelve months:

	December 31, 2023		
	Less than 12 months	More than 12 months	Total
Assets			
Cash and cash equivalents	$ 61,359,378	-	61,359,378
Accounts receivables	11,124,019	-	11,124,019
Current income tax assets	1,021,915	-	1,021,915
Investments	108,781,602	1,114,076,759	1,222,858,361
Reinsurance contract assets	2,550,530	-	2,550,530
Property and equipment	-	10,714,230	10,714,230
Right-of-use assets	-	342,486	342,486
Intangible assets	-	174,332	174,332
Other assets	916,820	13,199,059	14,115,879
Liabilities			
Accounts payables	$ 6,873,520	-	6,873,520
Financial liabilities at fair value through profit or loss	62,114	-	62,114
Bonds payable	-	8,500,000	8,500,000
Lease liabilities	135,515	207,468	342,983
Insurance liabilities	30,418,785	1,239,818,716	1,270,237,501
Reserve for fluctuation of foreign exchange	-	3,269,656	3,269,656
Provisions	3,858	588,592	592,450
Other liabilities	222,926	5,396,530	5,619,456

(Continued)

	December 31, 2022		
	Less than 12 months	More than 12 months	Total
Assets			
Cash and cash equivalents	$ 47,827,361	-	47,827,361
Accounts receivables	9,920,626	-	9,920,626
Current income tax assets	727,255	-	727,255
Investments	73,196,765	1,144,127,449	1,217,324,214
Reinsurance contract assets	2,204,688	-	2,204,688
Property and equipment	-	10,772,359	10,772,359
Right-of-use assets	-	172,917	172,917
Intangible assets	-	172,861	172,861
Other assets	733,811	9,597,874	10,331,685
Liabilities			
Accounts payables	$ 4,882,678	-	4,882,678
Financial liabilities at fair value through profit or loss	3,389,686	-	3,389,686
Bonds payable	-	8,500,000	8,500,000
Lease liabilities	123,541	51,093	174,634
Insurance liabilities	30,310,139	1,221,367,783	1,251,677,922
Reserve for fluctuation of foreign exchange	-	7,380,760	7,380,760
Provisions	13,601	723,490	737,091
Other liabilities	225,732	2,377,277	2,603,009

(c) Reclassification on financial assets

Due to global high inflation, substantial tightening of monetary policy is implemented in 2022, leading to a significant increase in interest rates. The degree of interest rate increase has exceeded the extreme scenario defined by the Insurance Capital Standards (ICS) for international insurance capital, indicating the financial environment has been affected significantly. Therefore, the senior management changed the business model of the Company based on a resolution approved during the board meeting held on December 6, 2022. The business models of financial assets, which were impacted, were changed from "collecting contractual cash flows and selling financial assets" into "holding assets in order to collect contractual cash flows"; hence, were reclassified from financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The reclassification mentioned above will be applied prospectively starting from the reclassification date in accordance with the provisions of paragraph 5.6.1 of IFRS9. The Company decided to apply the reclassification on all its impacted financial assets beginning from the first day of the following accounting period (January 1, 2023), resulting in the increase in other equity and financial assets measured at amortized cost by $5,346,780 thousand and $46,900,158 thousand, respectively; as well as the decrease in financial assets measured at fair value through other comprehensive income and deferred tax assets by $40,781,597 thousand and $771,781 thousand, respectively on January 1, 2023.

(Continued)

As of December 31, 2023, the fair value of the above reclassified financial assets that have not been derecognized was $38,146,387 thousand. However, if the Company had not applied the above reclassification on its financial assets on January 1, 2023, its other equity would have decreased by $4,721,790 thousand as of December 31, 2023, and its after-tax change in fair value of other comprehensive income would have iecreased by $624,991 thousand for the year ended December 31, 2023.

According to Jin-Guan-Bao-Tsai No. 11104942741 issued by the FSC, during the Company's earnings distribution, the change in fair value of reclassified financial assets will be recognized as the deduction of other equity defined by Jin-Guan-Bao-Tsai No. 11004920441 issued by the FSC, and the special reserve equals to the amount of change will be incurred in the current year. If there is any reversal on the change in fair value of reclassified financial assets recognized as the deduction of other equity (including disposal), the special reserve of the Company will be allowed to be reversed.

(13) Other disclosures:

(a) Information on significant transactions:

For the year ended December 31, 2023, the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance is as follows:

(i) Acquisition of individual real estate with amount exceeding the lower of NT$100 million or 20% of the capital stock: None

(ii) Disposal of individual real estate with amount exceeding the lower of NT$100 million or 20% of the capital stock: None

(iii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(iv) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(v) Trading in derivative instruments: Please refer to notes 6(c).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding the information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)
(In Thousands of foreign currencies)
(In Thousands of shares)

Name of the investor	Name of the investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Mercuries Life Insurance Co., Ltd.	Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Investment consulting and asset management	-	825,352	-	- %	-	207,727	46,065	Investments under the equity method

(Continued)

Name of the investor	Name of the investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Mercuries Life Insurance Co., Ltd.	Horizon Securities Co., Ltd.	Taiwan	Integrated Securities Houses	65,139	65,139	7,510	2.14%	101,278	179,799	3,845	Investments under the equity method
Mercuries Life Insurance Co., Ltd.	CMG International One Co., Ltd.	Taiwan	Residence and Buildings Lease Construction and Development	1,575,000	1,575,000	157,500	45.00%	1,551,177	(10,630)	(4,784)	Investments under the equity method
Mercuries Life Insurance Co., Ltd.	CMG International Two Co., Ltd.	Taiwan	Residence and Buildings Lease Construction and Development	1,800,000	1,800,000	180,000	45.00%	1,762,988	(17,635)	(7,935)	Investments under the equity method
Mercuries Life Insurance Co., Ltd.	NFC II Renewable Power Co.,Ltd.	Taiwan	Investment, operation and management of solar power station	315,000	315,000	31,500	21.00%	307,761	(15,977)	(3,355)	Investments under the equity method
Horizon Securities Co., Ltd.	Horizon Securities Investment Consultant Co., Ltd.	Taiwan	Investment Consulting	114,282	114,282	12,000	100.00%	127,504	4,243	4,243	Subsidiary
Horizon Securities Co., Ltd.	Horizon Venture Capital Co., Ltd.	Taiwan	Venture Capital	579,420	579,420	60,000	100.00%	521,786	18,646	18,646	Subsidiary
Horizon Securities Co., Ltd.	Horizon Venture Management Co., Ltd.	Taiwan	Investment Consulting and Consulting advisory	20,000	20,000	2,000	100.00%	25,801	4,903	4,903	Subsidiary
NFC II Renewable Power Co., Ltd.	NFC Glory Green Co., Ltd.	Taiwan	Energy technical services and electricity supply	120,000	50,000	12,000	100.00%	123,336	3,608	3,608	Subsidiary
NFC II Renewable Power Co., Ltd.	NFC II Green A Ltd.	Taiwan	Energy technical services and electricity supply	118,000	118,000	-	100.00%	117,800	35	35	Subsidiary
NFC II Renewable Power Co., Ltd.	NFC II Green B Ltd.	Taiwan	Energy technical services and electricity supply	36,968	13,468	-	100.00%	36,614	(119)	(119)	Subsidiary
NFC II Renewable Power Co., Ltd.	NFC I and II Green C Ltd.	Taiwan	Energy technical services and electricity supply	671,847	27	67,197	68.33%	670,781	(1,480)	(1,012)	Subsidiary

Note: It was no longer considered investees of the Company since the first quarter 2023.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None

(ii) Limitation on investment in Mainland China: None

(iii) Significant transactions: None

(Continued)

(d) Major shareholders:

Unit: share

Shareholding Shareholder's Name	Shares	Percentage
Mercuries & Associates Holding Ltd.	1,642,751,926	32.21%

Note 1: The major shareholder information in the above table is calculated by the Depository and Cleaning corporation on the last business day at the end of each quarter. The total number of ordinary shares and preferred shares held by the shareholders who have completed the delivery of the shares without physical registration (including treasury shares) has reached 5% of the total shares. Due to the difference of calculation basis, there may have some discrepancy between share capital recorded in the Company's financial statement and the number of shares already delivered by the company without physical registration.

Note 2: If the above information is related to stock ownership trust, it will be revealed in the trustee account opened by the trustor individually. As for the shareholders' declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings, plus their delivery of trusts and shares that have the right to make decisions on trust property. The information related to revelation of insiders' share ownership has been posted on the Market Observation Post System website.

(14) Segment information:

(a) General information

The Company complies with the Insurance Law and it engages in life insurance business. According to International Financial Reporting Standard 8 Operating Segments, the Company only provides insurance products, and the operating decision makers decide how to allocate resources of the Company as a whole. Therefore, the entire Company is a single operating segment.

(b) Information about reported segment profit or loss, segment assets, segment liabilities, and their basis of measurement and the reconciliations

The information about the segment profit or loss, segment assets are the same as the financial statements while the Company' operating decision makers using the information about a single operating segment. Please refer to the balance sheet and the comprehensive income statement.

(c) Enterprise-wide information

(i) Information about products and services

Information about the Company's revenues from the external customers is summarized as follows:

(In Thousands of New Taiwan Dollars)

Item	2023	2022
Personal life insurance	$ 33,848,369	39,503,933
Personal health insurance	36,341,591	36,554,430
Personal accident insurance	3,526,506	3,423,317
Personal annuity insurance	20,949	3,796
Group insurance	873,382	865,990

(Continued)

Investment insurance	3,023,336	2,828,649
	$ 77,634,133	**83,180,115**

(ii) Information about geographic areas

The Premium written revenues of the Company are all from policyholders in Taiwan.

(iii) Information about major customers

The Company has no major customer that contributes over 10% of the total revenue.

V. The Company's Individual Financial Reports Audited and Certified by CPAs in the Most Recent Fiscal Year

Please refer to "IV. Financial Reports in the Most Recent Fiscal Year"

VI. Impact of the Financial Difficulties of the Company and Its Affiliated Enterprises on the Company's Financial Position in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

None.

VII. Review and Analysis of the Company's Financial Position, Performance, and Risk Management

I. Financial Position

Unit: NT$ 1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Cash and cash equivalents	61,359,378	47,827,36	13,532,017	28.29
Accounts receivables	11,124,019	9,920,626	1,203,393	12.13
Assets classified as held for sale	-	-	-	-
Financial assets and loans	1,222,858,361	1,217,324,214	5,534,147	0.45
Reinsurance contract assets	2,550,530	2,204,688	345,842	15.69
Property and equipment	10,714,230	10,772,359	(58,129)	(0.54)
Intangible assets	174,332	172,861	1,471	0.85
Other assets	213,023,027	170,011,084	43,011,943	25.30
Total assets	1,521,803,877	1,458,233,193	63,570,684	4.36
Accounts payable	6,873,520	4,882,678	1,990,842	40.77
Liabilities related to assets classified as held for sale	-	-	-	-
Financial liabilities	8,905,097	12,064,320	(3,159,223)	(26.19)
Insurance liabilities and reserve for insurance with nature of financial instrument	1,270,237,501	1,251,677,922	18,559,579	1.48
Provisions for liabilities	592,450	737,091	(144,641)	(19.62)
Other liabilities	195,254,342	160,022,930	35,231,412	22.02
Total liabilities	1,481,862,910	1,429,384,941	52,477,969	3.67
Share capital	50,995,011	40,995,011	10,000,000	24.39
Capital surplus	34,474	349,659	(315,185)	(90.14)
Retained earnings	(9,916,874)	4,323,501	(14,240,375)	(329.37)
Other equity	(1,171,644)	(16,819,919)	15,648,275	93.03
Total equity	39,940,967	28,848,252	11,092,715	38.45

For changes in balances that exceed 20%, and that the change amount exceeds NT$10 million, the explanations are as follows:

(I) The increase in cash and cash equivalents was due to the increase in repurchased bonds and increase in notes.

(II) The increase in other assets was due to the increase in guaranteed deposits paid.

(III) The increase in accounts payable was due to the decrease in securities payable.

(IV) The decrease in financial liabilities was due to the decrease in financial liabilities at fair value through profit or loss-forward foreign exchange contracts.

(V) The increase in other liabilities was due to the increase in guarantee deposit received.

(VI) The increase in share capital was due to the issuance of shares.

(VII) The decrease in capital surplus was due to the issuance of discounted shares.

(VIII) The decrease in retained earnings was due to the net loss after tax in the current period.

(IX) The increase in other equity was due to the increase of other comprehensive income reclassified using covering method.

II. Financial Performance

(I) Table of Comparative Analysis of Financial Performance

Unit: NT$ 1,000

Item \ Year	2023	2022	Amount increased (decreased)	Ratio of change (%)
Operating revenue	123,272,756	109,647,090	13,625,666	12.43
Operating cost	131,497,183	120,246,701	11,250,482	9.36
Operating expenses	4,787,302	4,744,023	43,279	0.91
Operating gain (loss)	(13,011,729)	(15,343,634)	2,331,905	15.20
Non-operating income and expense	75,744	285,958	(210,214)	(73.51)
Profit (loss) from continuing operations before tax	(12,935,985)	(15,057,676)	2,121,691	14.09
Tax expense (income)	(3,419,996)	(1,398,874)	(2,021,122)	(144.48)
Profit (loss) from continuing operations	(9,515,989)	(13,658,802)	4,142,813	30.33

Analysis of changes in balances exceeding 10%:

(I) The increase in operating revenue was due to the increase in income from segregated account insurance products and decrease in net profit or loss on investments compared to the last period.

(II) The increase in operating gain and net profit (loss) from continuing operations before tax was due to the increase in net profit or loss on investments compared to the last period.

(III) The increase in non-operating income and expense was due to the decrease in the profit from disposal of real estate in the current period.

(IV) The increase in tax benefit was due to the net loss before tax in the current period.

(V) To sum up, the continuing operations generated a net loss in the current period.

(II) Estimated sales volume and its basis as well as possible impact on the Company's future finance and business operations and responsive plan:

Not applicable.

III. Cash Flow

(I) Analysis of change in cash flows in the most recent fiscal year:

Cash flows for 2023

Unit: NT$ 1,000

Beginning cash	Net cash flows from operating	Net cash flows from investing and	Cash surplus (shortfall)	Remedial measures for cash inadequacy

balance	activities for the year	financing activities for the year		Investment plan	Financing plan
47,827,361	(40,041,190)	53,573,207	61,359,378	None	None

1. Operating activities: The decrease of assets related to operating activities in the current period compared to the previous period resulted in the decrease of cash outflows from operating activities in the current period compared to those in the previous period.
2. Investing activities: The decrease in financial assets acquired in current period and the increase in financial assets disposed resulted in the increase of cash inflows from investing activities in the current period compared to those in the previous period.
3. Financing activities: The capital increase by cash in current period was decreased compared to the previous period, resulting in the decrease in cash inflows from financing activities in the current period compared to those in the previous period.

(II) Improvement plan for insufficient liquidity: The Company was not involved in insufficient liquidity.

(III) Analysis of cash liquidity in the coming year:

Unit: NT$ 1,000

Year	Beginning cash balance (1)	Estimated net cash flows from operating activities for the year (2)	Estimated cash outflows for the year (3)	Estimated cash surplus (shortfall) (1)+(2)-(3)	Remedial measures for estimated cash inadequacy	
					Investment plan	Financing plan
2024	61,359,378	25,161,299	56,809,760	29,710,917	None	None

1. Operating activities: With the gradual slowdown of the US dollar interest rate hike in 2023, it is expected that the interest rates would be reduced in 2024. As a result, the number of contracts cancelled by policyholders would substantially decrease. It is assumed that the net cash flows from operating activities in 2024 will increase compared to those in 2023.
2. Investing activities: To coordinate the investment needs, it was planned to improve the investments in stock and bonds in 2024. It was expected that the cash outflows from investing activities in 2024 would be increased compared with those in 2023.

IV. Impact of Major Capital Expenditure on Finance and Business Operations in the Most Recent Fiscal Year

The Company didn't have any other major capital expenditure in the most recent fiscal year.

V. Policy for Investees in the Most Recent Fiscal Year, Main Reason(s) for Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year

(I) Investment policy

The Company's investments focused on industries related to life insurance such as securities and green energy, as well as urban renewal development and investment projects according to relevant government policies, aiming at bettering the diversity of life insurance product and expanding investment breadth and performance.

(II) Main reason(s) for profit or loss, and improvement plan

The substantial profits from the overall investment performance were preliminarily acquired from the disposal of mutual funds approved by the Board of Directors. Other aspects are described respectively as follows: The index of the securities market of Taiwan presented a rising trend in 2023. Both the self-operated securities sector and the brokerage agency were profitable; on the other hand, the green energy and urban renewal and development business was still under a stage of initial investment and urban renewal review. No contributions were made from them at present. In summary, the profitability of the investments remained stable.

(III) Investment plan for the coming year

For the year 2024, the global economic growth will slow down, but inflation will be gradually controlled. The monetary policy is expected to become loose, and the market may substantially recover despite the great fluctuations in the domestic and foreign capital markets. For securities related businesses, more prudent investment planning will be adopted; as for urban renewal business projects, the emphasis of the Company was still placed on the execution of statutory procedures this year. The Company will maintain its steady investment policy to benefit the asset allocation of the Company.

VI. Analysis and Evaluation of Risks

(I) Impact of interest rate, change in exchange rate, and inflation on the Company's profit or loss, and future responsive measures

1. Impact on the Company's profit or loss:

Unit: NT$ 1,000

Item \ Year	2022	2023
Net income and expenditure of investment interest	34,794,244	36,674,379
Net exchange gain or loss	60,440,820	(143,936)
Net operating revenue	109,647,090	123,272,756
Net profit before tax	(15,057,676)	(12,935,985)
Ratio of net income and expenditure of investment interest to net operating revenue (%)	31.73	29.75%
Ratio of net income and expenditure of investment interest to net profit before tax (%)	(231.07)	(283.51%)
Ratio of net exchange gain or loss to net operating revenue (%)	55.12	(0.12%)
Ratio of net exchange gain or loss to net profit before tax (%)	(401.40)	1.11%

2. The Company's future response:

(1) Interest rate market

According to the *World Economic Outlook* published by IMF in October 2023, the global economic growth rate is estimated at 3.0% in 2023, while it will

slow down to 2.9% in 2024. Although there are signs that the economy showed resilience earlier in 2023, the impact of the tightening of policies to reduce inflation is expected to cool down the future economic activities. According to the forecast of IMF, the economy of the United States would grow by 2.1% in 2023 and 1.5% in 2024 respectively. The Federal Reserve of the United States suspended interest rate hikes again at FOMC meeting in November. But the benchmark interest rates remained within an interval of 5.25%-5.50%. Recently, the sustained slowdown in employment data has led the market to optimistically anticipate that the Federal Reserve has already ended the interest rate hike cycle. It is expected that a more cautious Federal Reserve will avoid the risk of excessive tightening of the financial market. The Company will closely observe the trends of interest rates, adjust the investment portfolios as appropriate, and draw up appropriate investment strategies.

(2) Foreign exchange market

For the year 2024, the recent market expectations for the interest rate hikes of the Federal Reserve have significantly diminished, leading to an overall increase in market risk appetite and promoting the drop of the international US dollar from its high level. Due to the continued weak demand for end products globally, the investments in Taiwan's manufacturing industry are still affected, and export from Taiwan is still under pressure in the next year as expected. Additionally, given the continual presence of the geopolitical risks across the Taiwan Straits, the attitude of foreign capital towards these risks shall still be concerned. It is expected that the trend of the New Taiwan Dollar may transition to a consolidation pattern in the early stage of next year. However, since the second quarter of next year, with the influence from the expectations for interest rate reduction by the Federal Reserve, the focus of the second half of the year may lie in the speed and range of interest rate reduction, and caution shall be exercised against the possible appreciation of the New Taiwan Dollar. However, with significant differences in the interest rate differentials between Taiwan and the United States, the buying momentum of the US dollar is expected to provide relevant support, thus limiting the space for the appreciation of the New Taiwan Dollar as expected. In the future, the Company will continually focus on the trends of the New Taiwan Dollar and flexibly adjust the hedging ratio to save the hedging cost.

(3) Inflation

As for prices, although the overall inflation already dropped, the core inflation presented greater stickiness. Due to the high inflation experienced in the last two years, the inflation is expected to remain at a high level, which makes the work of the central bank to reduce the inflation to the target level even more complicated; in 2023, the domestic inflation rate gradually dropped, mainly resulted from the weak global terminal demand, the decrease in the international raw material prices, the gradual decline of import and producer prices, and the gradual stability of commodity prices. However, the demand for entertainment services including catering, tourism, accommodation, etc. was still high, slowing the decrease in the domestic inflation rate. Looking into the next year, we expect a slight increase in the international oil prices and a mild rise of commodity prices. The increasing range of service prices are expected to continue the mitigation trend since the fourth quarter of this year. The growth rate of CPI is expected to drop below 2%. The Company will

continually review the changing trends of inflation as reference for asset purchasing, and avoid the impact of inflation on the return on investment.

(II) Policies for engaging in high-risk and high-leverage investments, lending capital to others, endorsement guarantee, and derivatives trading, main reasons for profits or loss, and future responsive measures:

1. The Company didn't engage in high-leverage investments, lend capital to others, or conduct endorsement and guarantee transactions.
2. The Company's derivatives trading was limited to the derivatives approved by the competent authority for the primary purpose of hedging. The profit or loss from such trading was hedged against the hedged objectives. Also, the Company evaluated the profit or loss status of the derivatives and the related work on a regularly, to control the fluctuation resulting from exchange rate, interest rate, and market prices.
3. In the future, the Company will still make the best of appropriate hedging instruments, and execute them according to relevant provisions to spread risks, increase stable return on investment, and ensure the Company's best interests.

(III) Future R&D plans and estimated R&D expenditure:

1. Future R&D plans

In addition to providing comprehensive life insurance products and services for the customers, the Company is also dedicated to satisfying customers' diversified protection needs and financing requirements, and mastering the market trends at any time. In response to the market demand, the Company will discuss with the marketing unit to continually develop term insurance protection products as well as protection insurance riders matched with insurance master contracts, e.g., development of term protection insurance products that comply with customers' needs (health insurance, accident insurance, and life insurance) and development of term protection insurance products attached to the investment products. Besides, the Company strengthens the competitiveness of its products and reviews the main protection insurance products in the industry, to design products with improved mortality gains and loading surplus, e.g., continual promotion of the sales of health insurance combined with the featured sales of walking-type spillover insurance, and continual development of different types of spillover policies and add applicable categories of products (e.g., life insurance); research the main products designed for the retired people in the same industry and provide products that satisfy customer requirements; design products suitable for new agents to sell, and assist them in expanding the markets. At the same time, the Company periodically tracks the transformation of product strategies of main industry peers under IFRS 17 and ICS

through investor conference presentation, news, and public information.

Future R&D plans and policies	Related product direction
Continually promoting term protection insurance products, and protection riders matched with main investment product contracts (life insurance, accident insurance, and health insurance).	➢ Develop term protection insurance products that meet customers' needs by discussing the gap of customers' needs with marketing units (life insurance, accident insurance, and health insurance). ➢ Develop term protection insurance products that are suitable for being attached under investment products by discussing the gap of customers' needs with marketing units. ➢ Design term protection insurance products that meet the needs of elderly policyholders.
Strengthening competitiveness of products and reviewing the main products in the same industry, to design products capable of improving mortality gains and loading surplus.	➢ Continually promote the sales of health insurance combined with the featured sales of walking-type spillover insurance, and continue to develop different types of spillover policies and add applicable categories of products (e.g., life insurance). ➢ Discuss with the marketing unit to study the main products designed for the retired people in the same industry, and provide products that satisfy customer requirements. ➢ Discuss with the marketing unit, design products suitable for new agents to sell, and assist them in expanding the markets.
Market survey and suggestions on transformation of product strategies under IFRS17 and ICS.	Periodically track the transformation of product strategies of main industry peers under IFRS 17 and ICS (investor conference presentation/news/public information).

2. Estimated R&D expenditure

   Since the Company's R&D expenditure is the cost of manpower and software and hardware equipment incurred to the Product Department for developing new products, the estimated R&D expenditure will reach approximately NT$ 37,436,000 in 2024.

(IV) Impact of changes in important local and overseas policies and laws on the finance and business operations of the Company, and responsive measures:

The impact of changes in important local and overseas policies on the finance and business operations of the Company in 2023 as well as responsive measures are as follows:

1. With reference to Chin-Kuan-Pao-Shou-Tzu No. 1110466203 Order issued on February 13, 2023, "Template of Statement of Exchange Rate Risk of Investment Insurance Received and Paid in Foreign Currency" and relevant supporting

measures were approved for future reference.

Amendment highlights:

(1) Establish "Template of Statement of Exchange Rate Risk of Investment Insurance Received and Paid in Foreign Currency". Relevant supporting measures were implemented since April 21, 2023.

(2) The scenarios of exchange rate in the statement of exchange rate risk shall be updated once every year, and the updating shall be conducted prior to March 1 every year.

(3) This statement shall be provided to the customers for review and personal signing and seal-affixing for confirmation in the solicitation stage, and the soliciting agents shall make it clear on the spot, to reduce the generation of subsequent disputes.

Responsive measures:

Relevant departments have already completed the responsive measures.

2. With reference to Chin-Kuan-Pao-Tsai-Tzu No. 11204908301 Order issued on March 24, 2023, "Explanation Order of Paragraph 8, Article 146-1 of the Insurance Act" was established; with reference to Chin-Kuan-Pao-Tsai-Tzu No. 11204908302 Order, "Explanation Order of Paragraph 8, Article 3-1 of the Regulations Governing Foreign Investments by Insurance Companies" was established.

   Amendment highlights:

   (1) Expand the types of bonds and notes for conditional transactions in the insurance industry, and add: A. RS transactions of NTD financial bonds, corporate bonds, and international board bonds; B. RP/RS transactions of foreign currency bonds, corporate bonds, etc.; C. RP/RS transactions of NTD commercial promissory notes guaranteed by financial institutions.

   (2) Add transaction limits. The total amount delivered or obtained from RS transactions of NTD corporate bonds and commercial promissory notes guaranteed by financial institutions and PR/RS transactions of financial bonds and corporate bonds shall not exceed 2% of the funds in the insurance industry; the total amount delivered or obtained from PR/RS transactions of all foreign currency securities shall not exceed 2% of the limit of foreign investments.

   Responsive measures:

   (1) As for NTD bonds, the Recurring Income Department has amended "Criteria for Domestic Recuring Income Investments", and joined hands with the Investment Management Department to complete the revision of operation handbook for quota control.

   (2) As for foreign currency bonds, the Investment Management Department has established "Procedures for Foreign Affairs under Repurchase Agreement and Reverse Agreement", and joined hands with the International Bonds Department to complete the revision of operation handbook for quota control.

   (3) The Risk Management Department also coordinates the revision of "Regulations Governing the Collateral Risk Management of Derivative Financial Products" and the operation handbook.

3. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204907781 Order issued on March 29, 2023, some provisions of "Directions for the Review of Life Insurance Products" and Schedule 6 in Point 3 thereof were amended, and the revision took effect since July 1, 2023.

   Amendment highlights:

(1) Add the restrictions of the asset appropriation mechanism of investment insurance products.
(2) Add the restrictions on the value-added payments of investment insurance products.
(3) Add the restrictions on housing loan product payment projects.

Responsive measures:

Relevant business units have already coordinated the adjustment of products.

4. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204907783 Order issued on March 29, 2023, the provisions of Point 8 and Point 8-2 of "Precautions for Specifically Designated Investment Insurance Accounting Book Retention Agency and Investment Targets" were amended.

   Amendment highlights:

   (1) The investment products should not be linked with domestic leverage-type or inverse ETFs since July 1, 2023.
   (2) The total investment of quasi-discretionary accounts in non-investment grade bond funds and emerging market bond funds should not exceed 20% since July 1, 2023, with the investment ratio in the non-investment grade bond funds not exceeding 10%; investment products should not be linked with non-investment grade bond funds and emerging market bond funds

   Responsive measures:

   Relevant business units have already coordinated the adjustment of currently sold investment products affected by the submission of changes for review, and additionally add targets and adjust product structure.

5. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204907785 Order issued on March 29, 2023, some provisions of "" were amended.

   Amendment highlights:

   (1) Add items to be disclosed in the statements of insurance products and items disclosed in investment risk warnings. Projects and investment target disclosures should be detailed in the insurance plans.
   (2) Add brief introductions to insurance products.
   (3) Add matters to be disclosed in the periodic reports on policy value.

   Responsive measures:

   Relevant business units have already coordinated the adjustment of checklist of product publicity and advertising, product statements, product DM and bank statement information disclosure.

6. The inspection bureau issued Chien-Chu (Pao)-Tzu No. 1120610071 Letter on May 10, 2023 regarding the protection of insurance interests of aged customers and customers with physical and mental disabilities by relevant life insurance companies.

   Highlights of the order:

   The inspection bureau delivered its main inspection opinion on the handling of the protection of insurance interests of aged customers and customers with physical and mental disabilities on May 10, 2023 with Chien-Chu (Pao)-Tzu No. 1120610071 Letter:

   (1) Review whether similar conditions exist independently and practically review and make improvements.
   (2) Ask the audit unit to include the implementation status into the annual audit plan,

strengthen review, and track the deficiency improvements.

Responsive measures:

The Company has notified relevant business units to review whether they had the similar situations, and then review and make improvements if any; also, the Company notified each related business unit to include relevant applicable laws and regulations on protection of insurance interests of aged customers and customers with physical and mental disabilities into the departments' regulatory compliance handbooks according to the business scope.

7. With reference to Chin-Kuan-Pao-Shou-Tzu No. 1120416864 Letter issued on May 29, 2023, "Q&A of Evaluation Practice of Risk Tolerance Grades of Applicants Handling Investment Insurance Products at Life Insurance Companies" was informed.

   Amendment highlights:

   This Q&A has been established to coordinate with the approval of amended provisions of Article 2, Article 10, and Article 11-1 of "Code of Self-discipline for Sales of Investment Insurance Products" for future reference according to Chin-Kuan-Pao-Shou-Tzu No. 1110448380 Order issued on October 21, 2022 (taking effect since April 21, 2023), and to provide practitioners with practical guidelines for the evaluation of risk tolerance grades of applicants handling investment insurance products.

   Responsive measures:

   Relevant business unit has conducted evaluation and confirmed that the Company's current operations already comply with this code.

8. With reference to Chin-Kuan-Pao-Tsung-Tzu No. 11204921381 Order issued on June 29, 2023, Points 8, 9, and 13, Schedule 2 of Point 4, and Appendix 1 of Point 7 of "Precautions for Insurance Companie's Handling of E-commerce" were amended.

   Amendment highlights:

   (1) With respect to online insurance by consumers, the restrictions on the handling of initial registration and identity verification have been loosened, and consumers are permitted to conduct registration and identity verification through their online banking or digital deposit accounts. They are no longer required to use the accounts opened at banks under a same financial holding company.

   (2) For online insurance service, relevant content has been added that registration and identity verification can be conducted through online banking or digital deposit accounts after the consent is obtained from the existing policyholders.

   Responsive measures:

   Relevant business units have indicated that the Company hasn't specifically scheduled to enable customers to use online banking accounts, or digital passbook accounts to conduct online banking or identity verification of online insurance service members. However, if the Company plans to introduce the aforesaid identity verification mechanism in the future, the provisions of the contents amended this time will be followed.

9. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11201408251 Order issued on July 7, 2023, Article 6 and Article 18 of "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises"

were amended, and the amendment was implemented since October 1, 2023.
Amendment highlights:
It is expressly stipulated that the insurance industry is exempted from making telephone calls, conduct video meetings, or pay remote visits regarding same matters already handled by the insurance brokers/agents for the customers in the same manner.
Responsive measures:
Relevant business units have already coordinated the revision of relevant forms and operating procedures.

10. With reference to Chin-Kuan-Pao-Chan-Tzu No. 1120430810 Letter issued on July 19, 2023, it was rechecked and approved to correct Articles 1, 25 and 64 and add Article 24-3 in "Corporate Governance Best Practice Principles for Insurance Companies" for future reference.
    Amendment highlights:
    (1) Add relevant provisions on the duration of continuing education of sustainable development courses for directors/supervisors/senior managers.
    (2) The number of independent directors should better not be less than one third of all directors.
    (3) It is expressly stipulated that the insurance industry shall disclose relevant information on climate related to the corporate governance within the year, which shall include "Task Force on Climate-related Financial Disclosures (TCFD)".
    Responsive measures:
    Relevant business unit has coordinated the amendment of "Mercuries Life Insurance Co., Ltd. Corporate Governance Best Practice Principles".

11. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204927811 Order issued on August 10, 2023, "Precautions for Entrustment of Others with Handling of Insurance Operations" was amended and published.
    Amendment highlights:
    (1) Expressly stipulate that the insurance industry bears ultimate responsibilities for the outsourcing of insurance operations.
    (2) Introduce a risk-based (RBA) operation outsourcing management framework to identify the materiality of the outsourced operations.
    (3) It is required to apply to the competent authority for approval in advance if a material business information system that involves individual customers' data is entrusted to overseas processors.
    (4) Relevant policy and principles for use of cloud services shall be developed. The customer data in the business information systems of individual customers involving materiality shall be stored within Taiwan in principle. If such data is stored overseas, the backup of important customer data shall be retained in Taiwan unless otherwise approved by the competent authority.
    (5) Relevant policy and principles for outsourcing of operations shall be specified in the procedures for internal control of outsourced insurance operations, including outsourced decision-making and evaluation, risk management mechanism, and approval hierarchies and governance structure, which shall be verified and approved by the Board of Directors.
    (6) If the entrusted agencies violate the Precautions or other laws and regulations, the competent authority may, in consideration of the severity of the situation,

notify the entrusting insurance companies to terminate entrustment as stipulated in the contract, require the agencies to improve within a time limit, or suspend the entrustment until the entrusted agencies have their improvements confirmed.

(7) If the outsourced insurance operations are not consistent with the provisions, they shall be supplemented and corrected within one year.

Responsive measures:

Relevant business unit has coordinated the revision of the procedure of the Company for internal control of outsourcing of operations, and reported to the Board of Directors for verification and approval; also, it has checked the existing outsourced operations and outsourcing contracts and required supplement and correction in case of any inconsistency.

12. With reference to Chin-Kuan-Pao-Tsai-Tzu No. 1120144309 Letter issued on August 30, 2023, the amended provisions of 4.1.1, 5.1.7 and 5.5.4 of "Risk Management Best Practice Principles for Insurance Companies" and the amended "Q&A Handbook for Risk Management Best Practice Principles for Insurance Companies" were approved for future reference.

    Amendment highlights:

    (1) Revise important principles to be followed upon risk identification with reference to the Insurance Core Principle, ICP16.1) released by the International Association of Insurance Supervisors.

    (2) Revise the text regarding monitoring indicators of reserve for changes in foreign exchange prices in response to the amended provisions of Points 2 and 3 of Precautions Concerning Reserve for Changes in Foreign Exchange prices in the Life Insurance Industry according to Chin-Kuan-Pao-Tsai-Tzu No. 11204169421 Order issued by the FSC on March 24, 2023.

    (3) Revise the methods for identification of catastrophe risks with reference to the international insurance capital standards regarding classification of catastrophes.

    (4) The amended contents shall be reported to the most recent meeting of the Board of Directors.

    Responsive measures:

    Relevant business unit has already coordinated to revise "Procedures for Handling of Risk Management Best Practice Principle for Insurance Companies", "Risk Management Best Practice Principle for Insurance Companies", and "Q&A Handbook for Risk Management Best Practice Principle for Insurance Companies".

13. With reference to Chin-Kuan-Pao-Shou-Tzu No. 1120493275 Letter issued on September 23, 2023, "Standards Governing Friendly Financial Services of Insurance Enterprises" and "Q&A for Practice of Standards Governing Friendly Financial Services of Insurance Enterprises" were amended.

    Amendment highlights:

    (1) It is expressly stipulated that the access-free facilities and equipment of the external business premises of insurance companies shall comply with "Code for Design of Access-free Facilities in Buildings" and "Operating Procedure and Recognition Principles for the Plans of Replacement and Improvement of Access-free Facilities in the Existing Public Building" of the Construction and Planning Agency, the Ministry of the Interior, and friendly service counters shall be set up, and "Service Bell" shall be installed, or relevant personnel shall

be assigned to provide service assistance and guidance.

(2) The directors, principals and senior managerial officers of the insurance companies shall annually receive self-organized or external education and training regarding friendly finance and Convention on the Rights of Persons with Disabilities (CRPD).

(3) The insurance companies shall set up "Dedicated Section for Friendly Financial Services" and put a link in an eye-catching position on the home page of their websites. A label of grade A or above regarding "Access-free Regulation" of the Ministry of Digital Affairs shall be obtained for this dedicated section, and its effectiveness shall be periodically reviewed.

Responsive measures:

After being reviewed by relevant business unit, relevant software and hardware facilities have been adjusted accordingly, to comply with the requirements for Standards Governing Friendly Financial Services.

14. With reference to Chin-Kuan-Pao-Chan-Tzu No. 11204931692 Order issued on October 4, 2023, Points 2 and 15 and Schedules 2 and 3 of Point 3 of "Precautions for Insurance Companie's Handling of E-commerce" were amended, and Point 7-1 was added.

Amendment highlights:

(1) Insurance companies are allowed to deal with the innovative insurance products through cross-industry cooperation regarding financial technologies including big data analysis, interface design, software R&D, Iot, and wireless communication business, and apply for trials according to the Key Points for Application of Business Trials of Insurance Companies.

(2) Expressly stipulate the scope of innovative insurance products.

(3) Add the online insurance service items.

Responsive measures:

Currently, the Company hasn't engaged in cross-industry cooperation with financial technology professionals. Besides, the Company hasn't made any plan for the new online insurance items added to Schedules 2 and 3. Therefore, the evaluation does not have any impact on the Company.

15. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204934041 Order issued on October 18, 2023, Points 5 and 8 of "Regulations Governing Relevant Internal Control Implemented by Insurance Brokerage Companies and Insurance Agency Companies in the Insurance Industry to Prevent the Embezzlement of Policyholders' Funds by Insurance Agents" were amended, and the amendment will take effect since May 1, 2024.

Amendment highlights:

(1) Strengthen the control over self-paid policies: As for self-paid policies with the insurance premium of the most recent period already expired but not paid for three months and complying with one of the specific patterns, it is required to learn about from policyholders case by case as whether they have paid the insurance premium or not, and investigations shall be conducted to address abnormal situations; as for self-paid policies with insurance policies, payment receipts, premium payment proofs, or receipts transferred by insurance agents, it is required to review and confirm whether the information specified in the preceding documents received by the applicants, including the insured type, premium amount, payment period and method, etc. accords with the original

insurance data retained at the insurance companies. During the aforesaid review, relevant work drafts and records shall be retained for future auditing.

(2) Strengthen the monitoring of policyholders' communication data: New insurance companies shall regularly review whether policies from same insurance soliciting agents share communication data, and whether there are centralized similarities or differences existing in the communication data retained for different policyholders. Also, it is required to review and confirm whether such data is the policyholders' own data to prevent situations in which policyholders are unable to receive notifications related to their insurance contracts.

Responsive measures:

Relevant business unit has already coordinated the revision of "Regulations Governing the Prevention of Insurance Agents' Embezzlement of Policyholder's Funds" of the Company; other responsive measures are under progress which will be closely tracked by the Regulatory Compliance Office, to ensure smooth alignment after the regulations take effect.

16. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204939651 Order issued on December 18, 2023, Articles 4, 7~9, 11~13, 17, 20, 24, 29, and 32 of "Operating Regulation on Procedures Prior to Sales of Insurance Products" were amended and released; these provisions were put into force since the issued date except Articles 4, 7~9, 11~13, 17, 24, and 29 which will be put into force since July 1, 2024.

Amendment highlights:

(1) When formally developing property insurance products and life insurance products, insurance companies shall add a statement of risk control which shall include the evaluation of reinsurance arrangements and specify the compliance of sales quota with the risk tolerance determined by them.

(2) Clarify the constituent elements of regulations. If relevant matters listed in Article 7 of the Regulation are not effectively implemented, the competent authority may impose penalties according to the provisions of Article 171-1 of the Insurance Act.

(3) Add risk management personnel as signatories of insurance products, specify the qualifications required of these personnel, and expressly determine the items that shall be reviewed by such personnel during the signing of insurance products.

(4) Correct the names of categories of investment insurance products attached with guaranteed payments in accordance with IFRS17.

(5) For the increase of premium rates of personal health insurance products with guaranteed renewal that have been reviewed and approved, it is required to apply to the competent authority for an approval; it is expressly stipulated that the new insurance companies shall send a notification regarding guaranteed renewal and unguaranteed rates of such products and the contents of rate adjustment to the applicants, as well as the situations in which personnel shall be assigned to make an explanation, or specially personnel shall be assigned to explain by phone or not three months before the calculation and collection of premiums at the new rates.

(6) It is expressly stipulated that the insurance companies shall convene an insurance product management team meeting in a real-time way to discuss responsive measures that shall be implemented when the sales quota of insurance products reached the prewarning value or sales quota.

(7) For situations in which the competent authority may restrict the insurance companies from applying for approval or handling insurance products for future reference within less than one year, the number of times of violations by the insurance products as recognized by the competent authority as well as the number of times of points accumulatively recorded by the signatories of insurance products through the competent authority shall be limited.

Responsive measures:

To coordinate with the effective date of the regulation, relevant business unit has planned to revise the operation handbook, statement of calculation of currently sold products, and statement of risk control. The Regulatory Compliance Office will closely track the progress to ensure smooth alignment after the regulation takes effect.

17. With reference to Chin-Kuan-Pao-Shou-Tzu No. 11204939655 Order issued on December 18, 2023, Points 3, 5, 81, 184, 194, and 197, Schedules 2 and 4 and Appendix 1 of Point 3, and Schedules 8 and 9 of Point 5 of "Directions for the Review of Life Insurance Products" were amended and released, and Point 87-2 was added; these provisions were put into force since the issued date except Points 3, 81, 87-2, 184, 194, and 197 as well as Schedule 8 of Point 5 which will be put into force since July 1, 2024.

    Amendment highlights:

    (1) The content of the revised statement of risk control shall include the consideration given to the company's own risk-taking capacity upon reinsurance planning and evaluation, as well as an early-warning and control mechanism to evaluate sales quota.

    (2) For life insurance products with insurance period exceeding one year, the investment personnel, actuarial personnel, and risk management personnel shall jointly sign a statement of response to the failure of return on investment to reach the predetermined interest rate.

    (3) It shall be amended that, if the renewal premium rates of personal health insurance products with guaranteed renewal are increased, the empirical data of the company in all the years after sales (not less than three years) shall be adopted as the basis; for new contract sales cases, it is required to explain the planning of products with guaranteed renewal and unguaranteed rates to the applicants; notification of rate adjustment shall be served to the applicants for insurance renewal, and relevant planning for explanation by relevant personnel or by telephone call of specially assigned personnel shall be clarified; the audit unit shall also review and confirm that the personnel of the insurance industry or the cooperative sales channels have effectively notified to the applicants and explained the fact that the products are with guaranteed renewal and unguaranteed rates as stipulated.

    (4) When a new master contract is terminated due to enforcement, if the additional long-term rider of this master contract involves no forfeit money, or the rider added involves forfeit money given that the master contract is enough to repay the debts listed in the aforesaid enforcement process, this contract shall not be terminated; for a one-year rider, this rider shall not be terminated. During the renewal period, this rider shall at least continue until the expiry of the original protection period of the master contract, or the maximum renewal age of this rider, whichever is earlier.

    Responsive measures:

To coordinate with the effective date of the regulation, relevant business unit has planned to revise the operation handbook, statement of calculation of currently sold products, and statement of risk control. The Regulatory Compliance Office will closely track the progress to ensure smooth alignment after the regulation takes effect.

(V) Impact of changes in science and technology (including information security risks) and the industry on the finance and business operations of the Company, and responsive measures:

With the development of financial technology, the operation and competition models of the industry are constantly changing. Mercuries Life Insurance has actively made investments and adjustments in terms of technical application and organizational structures, to respond to the swiftly changing competitive environment:

1. Continually invest in the application of insurance technology and digital services, provide policyholders and sales agents with diversified, digital services, including mobile insurance, remote insurance, policyholder service APP, agent mobile office, online insurance, mobile claims, and mobile conservation, and participate in the "Conservation/Claim Consortium Blockchain", to improve service quality with technology.
2. Align with IFRS17, establish a data platform, and introduce data analysis tools, to continually improve the scope of data applications and service quality. Plan data as the core assets of the Company to solve the cross-system, cross-department, and cross-team data flow problems of the Company. Improve the data value and drive the business development through data sharing. Besides, the Company will develop data governance specifications and standards, integrate problem tracking management system, data dictionaries, and knowledge management platform, to facilitate digital transformation through informatization.
3. Plan and utilize new development technologies to gradually update the core life insurance system in response to the elasticity of the interfacing with internal and external systems in the future, thus improving the operational efficiency.
4. When facing the increasingly complicated information security threats, the Company has installed multi-layer protection equipment, including intrusion detection system, intrusion prevention mechanism, and internal and external firewall protection, and established complete local and off-site backup mechanisms to improve system availability. Also, the Company regularly implements information security tests and computer information safety assessments, continually maintains ISO27001 certification, and introduces a BCM system to improve the resilience of information security. Furthermore, the Company maintains its corporate sustainable management and ensures the rights and interests of shareholders and customers.
5. Introduce RPA for process automation as well as automated system and security testing, to improve the internal work efficiency and system availability; follow relevant regulations, information security policy, and risk management requirements, and effectively manage each operational business risk.

Mercuries Life Insurance continues to invest in the establishment and application of information systems in terms of scientific technology to maintain its competitiveness in the industry. The Company hasn't been involved in any significant information security incident in the past. Therefore, changes in science and technology, including information security risks and industrial changes, didn't have any negative impact on the Company's finance.

(VI) Impact of change in corporate image on the enterprise's crisis management, and responsive measures:

The Company has cultivated its business in Taiwan for more than 30 years. Since its establishment, the Company has not only focused on the insurance industry, but also actively participated in various kinds of social service and public welfare activities. Therefore, a good corporate image of the Company has been deeply rooted in people's mind.

If any individual incident occurs in the future to possibly change the corporate image, third-party market survey companies may be entrusted to evaluate the degree of damage caused to the corporate image based on the opinions of employees, policyholders, and the general public. At the same time, internal education and advocacy will be carried out together with external publicity to reshape the corporate image.

(VII) Expected benefits and possible risks associated with mergers and acquisitions, and responsive measures:

The Company didn't have any plan involving the merger or acquisition of any other company in the most recent fiscal year and as of the publication date of the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and responsive measures:

No plant expansion was involved since the Company is a life insurance company.

(IX) Risks associated with any consolidation of sales or purchasing operations, and responsive measures:

None.

(X) Impact and risks of substantial transfer or replacement of equity held by directors, or major shareholders with shareholding ratio exceeding 10%, and responsive measures:

None.

(XI) Impact and risks of change of managerial right on the Company, and responsive measures:

None.

(XII) Major litigation, non-litigation, or administrative dispute events already confirmed or ongoing that involve the Company and its directors, supervisors, president, substantial principal, major shareholders with shareholding ratio above 10%, and subordinate companies shall be specified. If the results of such litigation or non-litigation events may have a major impact on shareholders' equity or securities price, the facts of such events, target amount, starting date of litigation, parties mainly involved in litigation, and the handling status as of the publication date of the annual report shall be disclosed:

None.

(XIII) Other important risks, and responsive measures:

The Company has already established "Standard Operating Procedure for Handling of Abnormal Operational Events" and "Responsive Measures for Operation Crisis" and it can effectively handle possible operation crisis to the Company to safeguard

policyholders' rights and interests and ensure the normal corporate operation.

VII. Other Major Events

None.

VIII. Special Disclosure

I. Information on Affiliated Enterprises

Declaration

The Related Party Report of the Company for the year ended December 31, 2023, was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and there were no material differences between the information in the notes and disclosures to the financial statements of the Company, audited on March 13, 2024, of the same period.

Hereby declared

MERCURIES LIFE INSURANCE COMPANY LTD.

Chairman: Chau-Shi Wong

March 13, 2024

Auditors' opinion on the Related Party Report

To Mercuries Life Insurance Co., Ltd.

We have reviewed the "Related Party Report" of Mercuries Life Insurance Co., Ltd. ("the Company") for the year ended December 31, 2023, in accordance with the requirements of Taiwan Finance Securities Official Letter (6) No.04448 issued on November 30, 1999 by the Securities and Futures Bureau (f.k.a. Securities and Futures Commission). We conducted our review to determine whether the "Related Party Report" of Mercuries Life Insurance Co., Ltd. for the year 2023 was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and that nothing has come to our attention that causes us to believe that the related disclosure information does not agree, in all material respects, to the notes and disclosures of the financial statements of the Company, audited on March 13, 2024, of the same period.

Based on our review, nothing has come to our attention that causes us to believe that the "Related Party Report" for the year ended December 31, 2023 does not present fairly, in all material respects, in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and nothing has come to our attention that causes us to believe that the related disclosure information to the "Related Party Report" does not agree, in all material respects, to the notes and disclosures of the financial statements of the Company, audited on March 13, 2024, of the same period.

The engagement partners on the audit resulting in this auditor's opinion on the related party report are Chen, Chun-Kuang and Hsieh, Chiu-Hua.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Mercuries Life Insurance Co. Ltd.

Related Party Report

For the Year Ended December 31, 2023

(Expressed in thousands of shares, %)

(i)Overview of subsidiaries and holding companies of the Company:

Holding company	Control factor	Shareholding (including pledged shares) of the holding company			Directors, supervisors and managers controlled by the holding company	
		Shareholding	Shareholding percentage	Pledged shares	Job Title	Name
MERCURIES & ASSOCIATES HOLDING, LTD.	The holding company controls the majority of directors of the Company.	1,642,752	32.21 %	340,000	Majority shareholders Chairman Director Director Director	MERCURIES & ASSOCIATES HOLDING, LTD. Chau-Shi Wong Chin-Tsai Chen Wei-chyun Wong Chin-Hsin Hsu

(ii) Sales and purchases transactions (Expressed in thousands of New Taiwan Dollars; %): None.

Transaction with holding company				Trade terms with holding company		Normal trade terms			Account receivable/ payable Notes receivable/ payable		Overdue receivables			
Premium income	Amount	Ratio to total premium income	Gross profit	Unit price	Credit period	Unit price	Credit period	Reasons for variance	Balance	Ratio to total Account receivable/ payable and Notes receivable/ payable	Balance	Settlement	Allowance for bad debt	Remark

(iii)Asset transactions (Expressed in thousands of New Taiwan Dollars): None.

Transaction Type (acquisition or disposal)	Asset	Transaction date or actual date	Transaction amount	Term of payment	Payment status	Gain/loss on disposal (Note1)	Reasons for transacting with holding company	Data from previous records (Note2)				Trading decision (Note3)	Reference price decision	Purpose of acquisition or disposal of asset	Other agreement
								Owner	Relationship with the Company	Transfer date	Amount				

Note 1: Not applicable for acquisitions.

Note 2: (i) To state the previous owners' information for asset acquisitions, and to state the new owners' information for assets disposed.

(ii) To state the relationship between the Company and the transacting party under "Relationship with the Company".

(iii) To disclose the fact that the previous owner of the asset was a related party, as necessary.

Note 3: To state the decision levels for the transactions.

(iv)Financing transactions (Expressed in thousands of New Taiwan Dollars ; %): None.

Transaction Type (Loans or borrowings)	Maximum balance	Ending balance	Interest rate range	Total interest in the current period	Financing period	Financing reason	Acquire (provide) collateral		Trading decision	Provision for bad debt
							Name	Amount		

(v) Leases (Expressed in thousands of New Taiwan Dollars)

Transaction Type (Lessor or lessee)	Subject matter		Lease period	Lease nature	Rent basis	Payment method	Comparison with normal rent rates	Total rent in current period	Current income and current expenditure	Other terms
	Name	Location								
MERCURIES & ASSOCIATES HOLDING, LTD. (Lessee)	Zhongli Administrative Center	B1F, 1F~4F., No.410, Huanbei Rd., Zhongli Dist., Taoyuan City 320029, Taiwan (R.O.C.)	2023/01/01-2023/12/31	Operating lease	Rent was negotiated based on the rent of similar real estate in the vicinity.	Monthly payment	No major differences	1,292	Payment is made as per the contract.	None
	Huanbei Building Parking Space	B3F., No.398, Huanbei Rd. Zhongli Dist., Taoyuan City 320675 Taiwan (R.O.C.)						156		

(vi)Guarantees and endorsements for other parties (Expressed in thousands of New Taiwan Dollars; %): None.

Maximum balance	Ending balance		Reasons for guarantees and endorsement	Providing collateral as a guarantor			Conditions or dates for release of guarantor or recovering the collateral	Loss amount recognized in financial statements	Violation of the relevant operating regulations
	Balance	Ratio to net value in financial report		Name	Quantity	Value			

(vii) Other significant transactions (Expressed in thousands of New Taiwan Dollars):

1. Director compensation payable to MERCURIES &ASSOCIATES HOLDING, LTD. for the year ended December 31, 2023 amounted to $1,650 thousand, which has been fully paid by the Company as of December 31, 2023.
2. The Company issued the first perpetual cumulative subordinated corporate bonds amounting to $1,000,000 thousand on September 10, 2021 and the amounts of the bonds subscribed by MERCURIES &ASSOCIATES HOLDING, LTD. were $250,000 thousand. As of December 31, 2023, interest expense and accrued interests from the above transaction were $8,250 thousand and $2,554 thousand, respectively.

Principal: Chau-Shi Wong

Manager: Hung-Sheng Chen

Chief accountant: Woody S.M. Fang

March 13, 2024

II. Private Placement of Securities in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

The Company approved a proposal for issuance of ordinary shares by private placement with a limit not exceeding 2 billion shares at an interim Shareholders' Meeting held on November 3, 2023, and authorized the Board of Directors to handle the issuance by stages within one year since the resolution was made by the Shareholders' Meeting. Due to the increase in financing pipelines, the Board of Directors made a resolution on March 13, 2024 as not to continually handle the issuance of ordinary shares.

The Company planned to adopt private placement for the handling of the issuance of no more than 4 billion ordinary shares or preferred shares, or issuance of domestic convertible corporate bonds with total issue face value not exceeding NT$ 3 billion through capital increase by cash through the Board of Directors on March 13, 2024. For the private placement of ordinary shares, preferred shares or domestic convertible corporate bonds, one or more than two of them may be selected for issuance.

The Company is continually seeking opportunities to increase strategic alliances at home and abroad and looking for subscribers to conduct long-term cooperation.

III. Holding or Disposal of the Company's Stock by Subsidiaries in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

Not applicable.

IV. Other Necessary Statements

None.

IX. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act with a Material Impact on the Shareholders' Equity or Securities Price in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

None.

Mercuries Life Insurance Co., Ltd.

Chairman : Wong, Chau-Shi

三商美邦人壽
Mercuries Life Insurance