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CHINA DEVELOPMENT FINANCIAL

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China Development Financial 2020 Annual Report



Notice to readers

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

Spokesperson

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

Deputy Spokesperson

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

Headquarters, Branches and Plant

China Development Financial

Address : 12F, No. 125, Sec. 5, Nanjing E. Rd., Taipei 10504, Taiwan
Tel : (02)2753-2201
Web : www.cdibh.com/en

Subsidiaries

China Life Insurance

Address : 5F, No. 125, Dunhua N. Rd., Taipei 10595, Taiwan
Tel : (02)2719-6678
Web : <https://www.chinalife.com.tw/>

KGI Bank

Address : No. 125, Sec. 5, Nanjing E. Rd., Taipei 10504, Taiwan
Tel : (02)2171-1088
Web : www.kgibank.com/about_us/english/index.html

KGI Securities

Address : No. 700, Mingshui Rd., Taipei 10462, Taiwan
Tel : (02)2181-8888
Web : www.kgi.com/kgienhtml/index

CDIB Capital Group

Address : 11 & 12F, No. 125, Sec. 5, Nanjing E. Rd., Taipei 10504, Taiwan
Tel : (02)2763-8800
Web : <https://www.cdibcapitalgroup.com/en>

China Development Asset Management

Address : 7F, No. 125, Sec. 5, Nanjing E. Rd., Taipei 10504, Taiwan
Tel : (02)2756-8968
Web : www.cdibh.com/en

Stock Transfer Agent

Name : The Transfer Agency Department of KGI Securities
Address : 5F, No. 2, Sec. 1, Chongqing South Rd., Taipei 10044, Taiwan
Tel : (02)2389-2999
Web : www.kgi.com/kgienhtml/index

Credit Rating Agency

Name : Taiwan Ratings
Address : 2F, Hung Kuo Building No. 167, Dunhua N. Rd., Taipei 105, Taiwan
Tel : (02)8722-5800
Web : www.taiwanratings.com

Auditors

Auditors : Mei-Hui Wu, Kwan-Chung Lai
Accounting Firm : Deloitte & Touche
Address : 20F, No. 100, Songren Rd., Taipei 11073, Taiwan
Tel : (02)2725-9988
Web : www.deloitte.com.tw

Overseas Securities Exchange : None

Shareholder Hotline : 0800-212-791

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I. Letter to Shareholders

In 2020 economic activity came to a standstill in most countries around the world due to the COVID-19 pandemic. In response, quantitative easing through liquidity and government spending was implemented to relieve the different sectors and individuals that had been most affected by the pandemic. Taiwan not only managed to keep the pandemic under control but also reported an increase in exports as the global demand for related technology products accelerated as a result of people working from home. In the capital markets, with the implementation of quantitative easing around the world and Taiwan's appropriate response to the pandemic, TAIEX bounced back and reached a record high, closing the year at 14,732 points, with an increase of 22.8% at the end of 2020.

China Development Financial (CDF) navigated the impact of the pandemic well and delivered consolidated net income was NT\$20.68 billion in 2020 (including NT\$8.02 billion from non-controlling equity), with EPS of NT\$0.87 and consolidated ROE of 6.6%. Compared with the consolidated net income of NT\$19.65 billion in 2019 (including NT\$6.86 billion from non-controlling equity), resulting in YoY growth was of 5.2% in 2020.

In December 2020, Taiwan Ratings announced CDF's long- and short-term ratings of "twA+" and "twA-1," respectively, while its outlook was rated as "positive." These rankings were in recognition of CDF's strong capitalization, established franchise in Taiwan's corporate banking and securities business, and business diversification. The "positive" outlook rated by Taiwan Ratings indicates further enhances the ability to compete the acquisition of the remaining listed shares in China Life Insurance.

Below are the highlights of 2020 performance by individual business segments.

(I). Banking business

KGI Bank leveraged its key pillars of growth, namely, Corporate Banking, Consumer Banking, and Global Markets, and reported an increase of NT\$618mn in consolidated net income compared to NT\$3,617mn in 2019. The demand deposit ratio rose to 35.5% which reflected a growth of 44% in terms of demand deposit balance while the industry average growth was 21%. The loan balance reached NT\$380bn or YoY growth of 9% in 2020 compared to an industry average of 6%. All this while managing to keep risk levels under control as evidenced by 0.16% in NPL ratio and 842% in coverage ratio. Upholding the idea of "KGI inside," KGI Bank extended the scope of its business through a financial services offer which connected the bank to different third-party service platforms such as Ruten, Pi wallet, PX pay and Shopee. Global Markets strategically enhanced its portfolio, focusing on high-quality stock and bond investments which generated long-term interest and dividend income. Collaboration with various channels to expand business opportunities, such as investment, hedging, note/bond underwriting, financial product marketing, and asset management also contributed to a 9% increase in revenue.

(II). Venture Capital/Private Equity Investment business

Eleven funds denominated in New Taiwan dollars, US dollars, and Renminbi are currently under management, with investment mainly in the U.S. and Greater China. These funds totaled NT\$42.0 billion at the end of 2020, of which NT\$27.6 billion has been drawn down for investment, and proceeds of around NT\$5.8 billion have been received. The COVID-19 pandemic impacted investment positions in certain industries, such as lodging, cross-border tourism, and retail, which negatively affected the valuations of investment positions of the CDIB Capital Group in these industries. Despite this impact, CDIB Capital Group completed the establishment and fund-raising of the second NTD-denominated healthcare fund in 2020, with the scale of assets under management reaching NT\$3.1 billion.

(III). Securities business

In line with an overall market electronic trading volume growth, KGI Securities continued to introduce emerging technologies to enhance digital trading. The robust capital market growth resulted in an 8.8% share of the market from the brokerage business, making KGI Securities second in the industry in Taiwan and first in our Wealth Management business. The Foreign Institutional Investor Brokerage Business was ranked number one among domestic securities firms with a 9.1% share of the market, the Securities Lending business reached 25% markets share (second among domestic securities firms) and the Investment Banking Business remained in the lead in terms of enterprise financing. Initial underwriting of domestic bonds (including NTD and foreign currency-denominated bonds) amounted to NT\$318 billion with an industry-leading share of 11.8% in the market; the financial derivatives business optimized the trading strategies and systems proactively to offer a diverse range of financial derivatives; and the trading volume of warrants accounted for a 12.5% share of the market with the issue amount totaling NT\$56.8 billion in 2020.

In response to the implementation of the "Capital Market Roadmap" by the Financial Supervisory Commission (FSC), KGI Securities offered products and services which are aligned with the Market Roadmap. In overseas operations, KGI Securities continued optimizing overseas trading platforms to offer electronic trading across time zones and Hong Kong teamed up with FinTech service providers to accelerate the online broker business. Contribution from our overseas operations represented 21% of securities net income.

In 2020, CDF was selected as a constituent of both DJSI World and DJSI Emerging Markets for the first time in recognition of its contribution to sustainable finance (responsible investment) and inclusive finance. CDF also won the Commonwealth Magazine Corporate Citizen Award for the third consecutive year and was selected as a constituent of FTSE Emerging Market Index and FTSE TIP Taiwan ESG Index for the fourth consecutive year. CDF continues to support various educational support projects via China Development Foundation, KGI Charity Foundation, and its subsidiaries, such as "Heritage 100 & Tutelage 100," "Nutrition 100," and "Vocational Education Scholarship." CDF achieved eight of the United Nations Sustainable Development Goals (SDGs) in its continued effort to fulfill the core value of the co-creation of the society

during 2020. CDF launched its volunteer program in 2021 and set to organize volunteer activities featuring four key areas including environmental protection, elderly care, disadvantaged support, and local revitalization by partnering with external non-profit organizations. Through the volunteer program, CDF aims to enhance employees' understanding of ESG and create a positive impact to the society.

Looking forward to 2021, the global economy is positioned to rebound as the roll out of the COVID-19 vaccination programs accelerate and further stimulus is introduced. However, the risk remains the economic recovery maybe impacted by further lockdowns being imposed in various parts of the world. Taiwan, which has been less affected by the COVID-19 pandemic, is expected to perform well in its exports at a moderate rate of growth given a relatively high base period.

On February 2, 2021, CDF completed the acquisition of a 21.13% equity stake in China Life Insurance Company Limited (China Life Insurance); with the shares held by KGI Securities, CDF now has a 55.95% interest in China Life Insurance. This majority equity interest lays a solid foundation for cooperation in banking, securities, and asset management, as well as in life insurance business.

During late 2020 CDF put in place a new leadership team and launched its 5-year strategy during early 2021. We created several new roles including Chief Digital Officer, Chief Marketing Officer and Chief Data and Analytics officer in line with supporting our new strategy. The ABCDE Strategy consist of five parts: Accelerate Digital (A) designed to make CDF and its subsidiaries into leaders in digital, Become Employer of Choice (B), designed to achieve higher employee engagement and development; Customer Focus (C), designed to make us the most recommended financial services brand in the market; Drive Growth (D), designed to help us exceed industry benchmarks and; Execution Excellence (E), designed to deliver outstanding results for all our stakeholders. Further details of our progress will be shared in our upcoming investor presentations.

A big thank to all our staff for their hard work and to all our customer, regulators, and shareholders for their continued support. We plan to build on the strong foundation we already put in place to extend our success into 2021 and beyond.

Sincerely,

Chia-Juch Chang, Chairman

Stefano Paolo Bertamini, President

II. Company Profile

2.1 Date of Incorporation

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

Established and operated on 28 December, 2001

2.1.2 Subsidiaries

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

Established and operated on 14 May, 1959

- (2) KGI Securities (KGIS) :

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

- (3) KGI Bank (KGIB) :

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

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

Established on 25 April, 1963

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

Established on November 5th, 2003.

2.2 Company History

On June 20, 2001, at a shareholder meeting convened by China Development Industrial Bank (now CDIB Capital Group), the resolution of establishing the entity of China Development Financial (CDF) via share swap was approved. Approval from remaining authorities occurred on November 28, 2011 and the legal establishment of CDF was formally enacted a month later on December 28, when CDF also launched its IPO on the TWSE.

CDIB Capital Group, formerly China Development Corporation and later China Development Industrial Bank, was the first private development-oriented financial institution in Taiwan. It was established on May 14, 1959 and was restructured to become an industrial bank in 1999. CDIB Capital Group has focused on principal investment, corporate banking, and financial market businesses. CDIB Capital Group continues to play a critical role in Taiwan's venture capital market. On May 1, 2015, CDIB's corporate banking and financial market operations were transferred to KGI Bank. On March 15, 2018, CDIB was renamed to CDIB Capital Group in order to fully focus on its venture capital and private equity fund businesses.

KGI Securities began operations in 1988 and is among the leading brokerages house in Taiwan. Over the years, KGI Securities has conducted multiple M&A activities and branch expansions. In December 2009, it acquired Taiwan Securities Co., Ltd. and became the second largest brokerage firm in Taiwan. With intention

to expand its stock brokerage business scale, CDF obtained shares of KGI Securities via open-market purchases and stock swaps. On January 18, 2013, KGI Securities became a wholly-owned subsidiary. Later on June 22, 2013, KGI Securities merged with CDF's subsidiary, Grand Cathay Securities, with KGI Securities as the surviving entity. This type of business integration serves to strengthen the position of KGI Securities as a leading brokerage in Taiwan's investment banking, bond, and innovative financial products markets.

As a subsidiary, KGI Bank (formerly Cosmos Bank) began operations in 1992 and has focused on extending financial services to manufacturers, corporations, and the general public. CDF resolved to conduct a share swap with Cosmos Bank. The merger was served to strengthen operations and the synergies of financial products and services, as well as to expand into more diverse marketing strategies. Cosmos Bank became a 100%-owned subsidiary of CDF on September 15, 2014 and was renamed KGI Bank in January 2015. To improve its overall structure, CDIB's corporate banking and relevant assets and liabilities were transferred to KGI Bank on May 1, 2015.

Formerly known as Overseas Life and China Life Insurance (March 1981), China Life was incorporated in Taiwan in 1963 and was listed on the TWSE on February 8, 1995. CDF publicly acquired a 25.33% stake in China Life on September 13, 2017, making it the single largest shareholder of China Life. More recently, CDF publicly acquired an additional 21.13% stake in China Life on February 2, 2021; CDF's consolidated shareholding ratio is now 55.95%, or a majority stake.

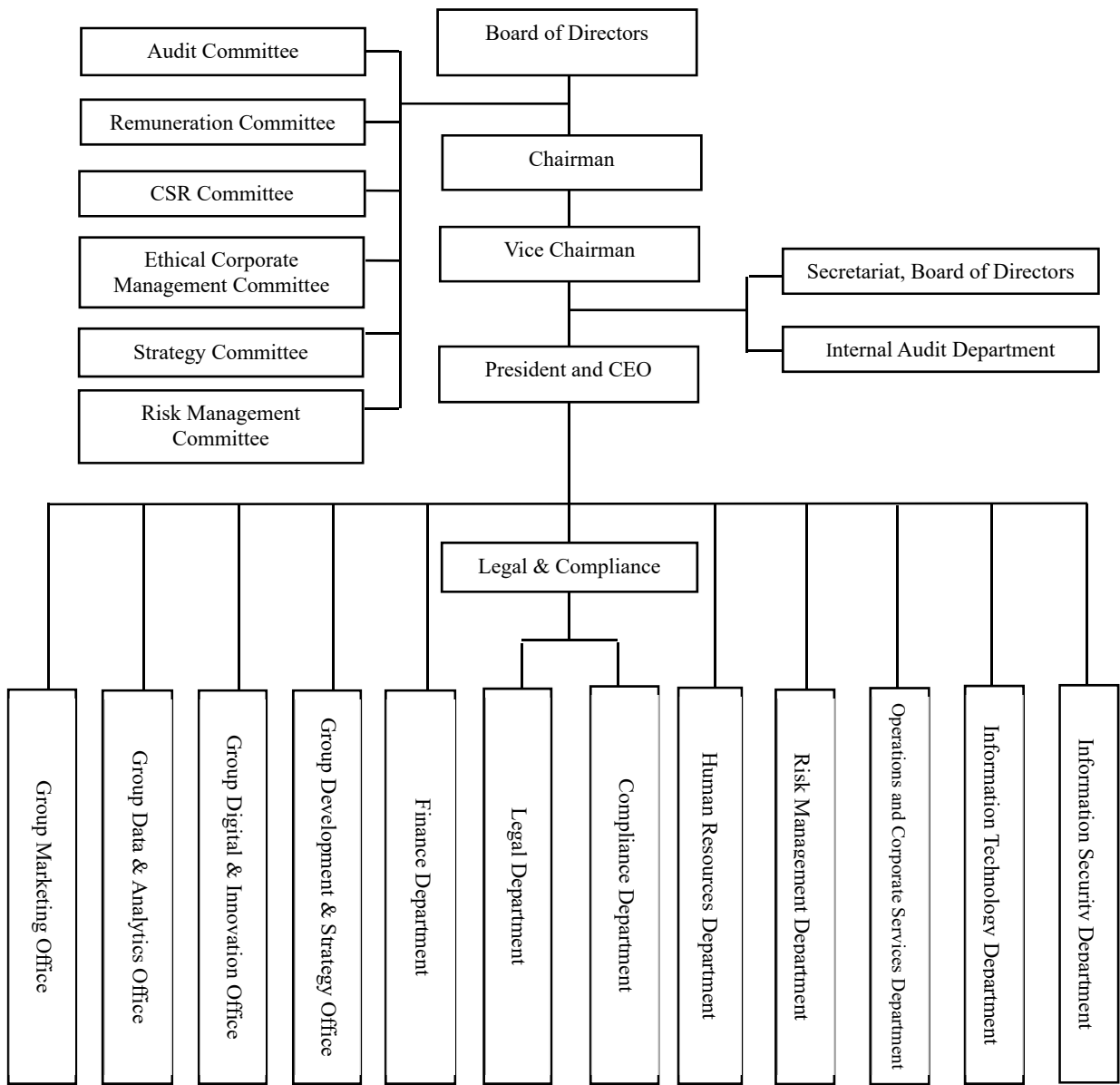
China Development Asset Management Corp. (AMC), a subsidiary of CDF, was incorporated in 2001. In addition to evaluating the non-performing assets released by financial institutions or other asset management companies, AMC also evaluates and purchases real estate sold in the legal auction market or from government agencies; moreover, AMC endeavors to repair and optimize existing assets in order to raise corporate returns by either leasing or sale. AMC completed the consolidation of its three asset management companies on July 1, 2019, with Chung Hwa Growth 3 Asset Management Corp. being the surviving company and renamed China Development Asset Management Corp.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization and responsibilities of key departments

A. Organization chart of CDF



B. Functions of Key departments

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

C. Primary duties of functional committees

(1) Audit Committee

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

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

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

(2) Remuneration Committee

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

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

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

(3) CSR Committee

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

- Formulating the annual corporate social responsibility plan and strategy;
- Determining corporate social responsibility projects and activity plans;
- Monitoring and reviewing the execution results of the annual corporate social responsibility plan, strategy and activities;
- Reviewing and approving the corporate social responsibility report; and
- Determining other CSR tasks assigned by the Board of Directors and participation in public affairs.

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

(4) Ethical Corporate Management Committee

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

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

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

The Ethical Corporate Management Committee shall convene at least once a year or at any time if necessary. The Ethical Corporate Management Committee shall report to the Board on the implementation of the annual ethical corporate management plan every year.

(5) Strategic Committee

The Strategic Committee consists of three to five members nominated by the Chairman and elected by the Board of Directors, and at least three of them should be outside directors of CDF. The powers of the Strategic Committee are as follows:

- Formulating the operating strategies, policies, and guidelines for CDF and its subsidiaries, and assessing the ramification and actual performance of material management policies;
- Deliberating and assessing long-, medium- and short-term developmental plans for CDF and its subsidiaries; and
- Planning events or projects assigned by the Board or the Chairman of CDF.

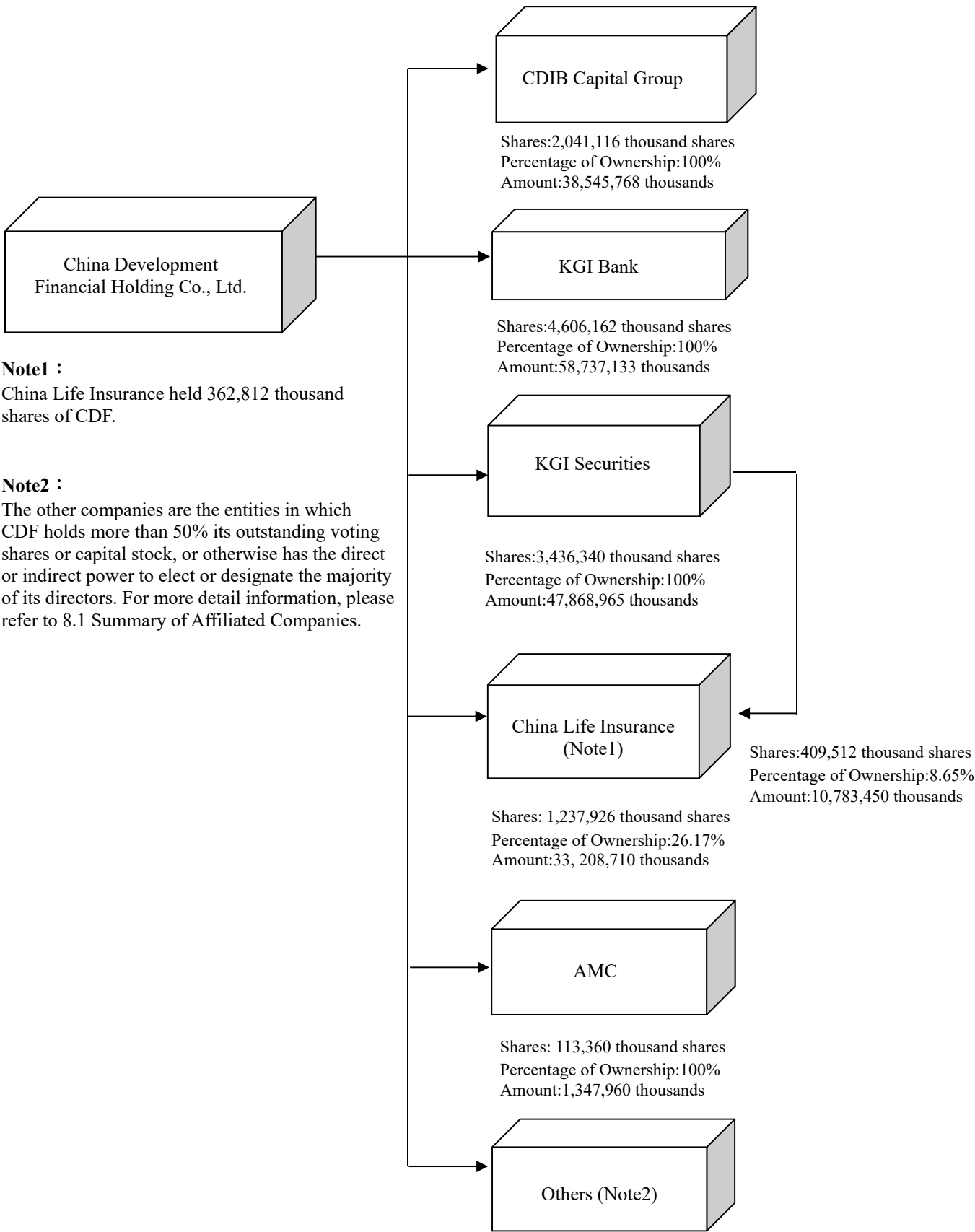
(6) Risk Management Committee

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

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

3.1.2 Organizational Chart

December 31, 2020



3.2.1 Directors

March 31, 2021

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

Title	Nationality / Country of Registration	Name	Gender	Date Elected	Term (Years) (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice Chairman	R.O.C	GPPC Chemical Corp.	—	06/14/ 2019	to 06/13/ 2022	04/05/ 2004	12,109,973	0.08	12,109,973	0.08	0	0.00	0	0.00	MBA, the Wharton School of the University of Pennsylvania; Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director, Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director, Greenroom Inc.; Director, Asia Interactive Media Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, Prime Express Holdings Limited; Director, CDIB Capital Asia Partners Limited; Director, Saint-Exupéry Properties Limited; President, CDIB Capital International (USA) Corporation; President, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital International (Korea) Corporation.	Vice Chairman , CDIB Capital Group; Chairman, CDIB Capital International (USA) Corporation; Vice Chairman & Co-CEO, CDIB Capital International (Hong Kong) Corporation Limited; Director, Greenroom Inc.; Director, Asia Interactive Media Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd. ; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director, President & Co-CEO, CDIB Capital International Corporation. Director, CDIB Intelligence Partners Limited.	None	None	None	None
	France	Representative Lionel de Saint-Exupéry	M	10/25/ 2019	to 06/13/ 2022	10/25/ 2019	1,424,206	0.01	2,423,084	0.02	0	0.00	0	0.00						
Director	R.O.C	Jing Hui Investment Co., Ltd.	—	06/14/ 2019	to 06/13/ 2022	06/14/ 2019	10,000,000	0.07	180,000,000	1.20	0	0.00	0	0.00	MBA, University of North Texas : ADVISOR & Chief Executive Officer (KSA, Jordan, Kuwait, Malaysia), AI Rajhi Bank, Saudi Arabia; Group Executive Director & CEO, Global Consumer Banking (Singapore), Standard Chartered Bank; Chairman and Chief Executive, GE North East Asia & President, GE Capital Asia & Head of M&A, GE Asia Pacific & Chief Executive, GE Australia and New Zealand, General Electric (GE)	Director, AI Rajhi Bank, KSA; Director, AI Rajhi Banking & Investment Corporation (Malaysia) Berhad. ; Director, China Life Insurance Co., Ltd.	None	None	None	None
	USA	Representative Stefano Paolo Bertamini	M	11/20/ 2020	to 06/13/ 2022	11/20/ 2020	1,000,000	0.01	3,250,000	0.02	0	0.00	0	0.00						

Title	Nationality / Country of Registration	Name	Gender	Date Elected	Term (Years) (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Director	R.O.C	Jing Hui Investment Co., Ltd.	—	06/14/2019	to 06/13/2022	06/14/2019	10,000,000	0.07	180,000,000	1.20	0	0.00	0	0.00	LL.M. of National Taiwan University; E.M.B.A. of National Chengchi University;	Director & EVP, CDIB Capital Group; Director, Connection Consulting Co., Ltd.;	None	None	None	None
		Representative Shan-Jung Yu	F	06/24/2019	to 06/13/2022	06/24/2019	0	0.00	0	0.00	0	0.00	0	0.00	Assistant, criminal panel of Taipei District Court; Attorney, Lee, Tsai & Partner; Attorney, Jones Day (Taipei Office); Manager, Legal Department of Yuanta Financial Holding Co., Ltd. Director, Praxair Chemax Semiconductor Materials Co., Ltd; Partner, Zhong Yin Law Firm (Taipei); Supervisor, Chung Ying Consulting Co., Ltd. Independent Director, Daily Polymer Corporation;	Director, Ensurya Technology & Solution Co., Ltd.; Chairman, Shan Ying Co., Ltd. Director, GPPC Development Corp. Director, China Development Financial Holding Foundation. Director, China Life Insurance Co., Ltd.; Director, KGI Charity Foundation.				
Director	R.O.C	Paul Yang	M	06/14/2019	to 06/13/2022	05/04/2009	24,456,647	0.16	24,762,850	0.17	0	0.00	0	0.00	M.B.A., Harvard University; M.S. in Mechanical Engineering, Massachusetts Institute of Technology; Senior management consultant, Boston Consulting Group; Executive director, Goldman, Sachs & Co.; Managing director & Head, Private Equity and Mezzanine Finance, DBS Bank; Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Senior Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Chairman, CDIB Capital International Corporation; Director, President & CEO, China Development Industrial Bank (renamed CDIB Capital Group); President & CEO, China Development Financial Holding Corporation.	Director, CDIB Capital Group; Partner & CEO of Greater China, Kohlberg Kravis Roberts & Co. L.P.; Director, Henwell Limited; Director, Henning Limited; Non-executive Director, Beijing Capital Grand Limited; Director, SUISHOU Technology Holding Inc. Legal Representative & Executive Director, SinoCare Group Holdings Limited; Director, Asian Equity Limited. Director, DHC One Dalton (HK) Limited; Director, Blue Light (HK) Trading Co., Limited.	None	None	None	None

Title	Nationality / Country of Registration	Name	Gender	Date Elected	Term (Years) (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Independent Director	R.O.C	Hsiou-Wei Lin	M	06/14/2019	to 06/13/2022	05/16/2016	0	0.00	0	0.00	26,000	0.00	0	0.00	Ph.D. in Business, Stanford University, U.S.A.; General Convener, Accounting and Finance Field Committee, Ministry of Science and Technology; Independent Supervisor, GO-IN Engineering Co., Ltd.; Independent Director, MStar Semiconductor, Inc.; Director, Bank of Overseas Chinese; Commissioner, Public Service Pension Fund Committee; Commissioner, National Financial Stabilization Fund Committee, Dean of Management College, Tunghai University. Independent Director, KGI Bank Co., Ltd.; Advisory committee member, Accounting and Finance Field Committee, Ministry of Science and Technology; Member of the mid-/long-term capital committee, National Development Council; Member of National Development Fund Investment Review Committee.	Professor, Department of International Business, National Taiwan University; Member of Public Servant and Teacher Insurance Supervisory Committee; Director, GO-IN Foundation; Standing Director, Taiwan Finance Research Association; Executive Director, Banking Education Association of Taiwan; Executive Director, Taiwan Association of Board Governance.	None	None	None	None
Independent Director	R.O.C	Tyzz-Jiun Duh	M	06/14/2019	to 06/13/2022	06/14/2019	0	0.00	0	0.00	0	0.00	0	0.00	Postdoctoral researcher, Graduate Institute of Environmental Resources Engineering, State University of New York, USA; Ph.D. Department of Forestry, National Taiwan University; Director General, Department of Commerce; Director General, Department of Industrial Technology; Ministry of Economic Affairs; Director General, Industrial Development Bureau, Ministry of Economic Affairs; Vice Minister, Minister; Ministry of Economic Affairs; Minister, Vice Premier; Executive Yuan; Minister, National Development Council.	Part-time associate professor, Dept. of Business Administration, Soochow University; Independent Director, CDIB Capital Group; Policy Advisor, Taiwan Electrical & Electronic Manufacturers' Association; Chief Consultant, Taiwan Transportation Vehicle Manufacturers' Association; Independent Director, USI Corporation; Independent Director, Macronix International Co., Ltd; Director, Fair Winds Foundation; Vice Chairman, San Code Foundation. Director, SHINFOX ENERGY CO., LTD.	None	None	None	None

Title	Nationality / Country of Registration	Name	Gender	Date Elected	Term (Years) (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Independent Director	R.O.C	Hsing-Cheng Tai	M	06/14/2019	to 06/13/2022	06/14/2019	0	0.00	0	0.00	0	0.00	0	0.00	MA, Department of Finance, National Taiwan University; Partner, Ernst & Young;	Independent Director, KGI Securities Co. Ltd.; Independent Director, Hotel Royal Chihpen; Independent Director, Tripod Technology Corporation; Director, EY Cultural and Educational Foundation; Vice Chairman, Chinese Tax Agent Association; Vice Chairman, Taipei Tax Agent Association; Chair, International Affairs Committee, National Federation of CPA Association of the R.O.C.	None	None	None	None

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

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

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

Note 4: Not served as director between October 25, 2019 and April 09, 2020.

Chart 1: Major shareholders of the institutional shareholders

March 31, 2021

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

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

March 31, 2021

Name of Institutional Shareholders	Major Shareholders	Percentage
Shin Wen Investment Co., Ltd.	Wei Hung Investment Co., Ltd.	100.00
Grand Pacific Petrochemical Corp.(Note)	Fubon Life Insurance Co., Ltd.	8.18
	KGI Securities Co., Ltd.	5.61
	Chung Kwan Investment Co., Ltd.	3.12
	Jing Kwan Investment Co., Ltd.	2.24
	China Life Insurance Co., Ltd.	2.21
	Credit Suisse International	1.84
	J.P. Morgan Securities PLC	1.84
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.-Equity Trading Division (Proprietary Trading Desk)	1.65
	Citigroup (Taiwan) Custody- Norges Bank	1.65
	Vanguard Emerging Market Stock Index Fund, Series of Vanguard International Equity Index Funds	1.39

Note: as of April 20, 2021

Professional qualifications and independence analysis of directors

April 13, 2021

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chi Jie Investment Co., Ltd. Representative Chia-Juch Chang	✓			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
GPPC Chemical Corp. Representative Lionel de Saint-Exupéry				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini				✓			✓	✓	✓	✓	✓		✓	✓	✓		0
Jing Hui Investment Co., Ltd. Representative Shan-Jung Yu		✓		✓			✓	✓	✓	✓	✓			✓	✓		0
Paul Yang				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsiou-Wei Lin	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tyzz-Jiun Duh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Hsing-Cheng Tai		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Please tick the corresponding boxes that apply to the directors during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director of the company or any of its affiliates, unless the person concurrently serves as independent director for the Company, as well its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a manager as described in (1) or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship, or any of the persons that meet the descriptions in (2) and (3).
- Not a director, supervisor or employee of a corporate shareholder who either directly holds 5% or more of the Company's shares outstanding, is among the Company's five top shareholders, or who is elected the Company's director or supervisor under Paragraph I or II of Article 27 of the Company Act. This restriction does not apply to an individual concurrently serving as independent director for the Company, as well as its parent company, a subsidiary, or another subsidiary of the parent company, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.
- Not a director, supervisor or employee of other companies where over 50% of board seats and voting shares are controlled by the same person. (This restriction does not apply to persons holding concurrent positions as independent director at the Company and any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
- Not a director, supervisor or employee of another company or institution where its chairman, president or a person of an equivalent position are either the same person or spouses. (This restriction does not apply to persons holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
- Not a director, supervisor, manager, or shareholder with 5% ownership or more, of a specified company or institution which has a financial or business relationship with the Company. (This restriction does not apply if specific affiliate companies or institutions holding over 20% to no more than 50% of the Company's shares outstanding, and holding concurrent positions as independent director for the Company as well as any of its affiliates, appointed under the Securities and Exchange Act or laws governing the country of the affiliate.)
- Not a professional individual who, or an owner, partner, director, supervisor, or manager or a spouse thereof, of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting and related services or consultation to the Company or its affiliates, for a total compensation of not more than NT\$500,000 in the past two years, provided that this restriction does not apply to any member of the remuneration committee, public acquisition review committee, or M&A special committee who exercises powers pursuant to the Securities and Exchange Act or the Business M&A Act.
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Skill Matrix of Board of Directors

CDF's Board election, comply with the Article 16 of the Articles of Incorporation, is adopting a nomination system. Moreover, in order to enhance the diversity of the Board, the company's Corporate Governance Best-Practice Principles has established clear guidelines in the selection of Board members. In addition to operations, business models and development needs, the Board should include diversity standards.

The Company's directors serve a term of 3 years and the 7th-term Board began on June 14, 2019 and will end on June 13, 2022. There are currently 8 directors, including 3 independent directors (making up 37.5% of the Board) and 1 natural person director. The Board includes two foreign national and one female members. Average age of the Board is 58 years and average tenure of 4.7years. Board members come from a diversified background, including financial, industrial, and academic sectors, and have abundant practices in operations and management, as well as ample international experiences, professional knowledge, skills, and accomplishments.

Title/ Name		Tenure (years)	Diversity Standards															Committee				
			Basic profile		industry experience					Professional knowledge/skill												
			Gender	Age		Holding Company	Commercial Banking	Securities / Insurance	PE / VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership	Information Technology	International Experience					
				40-60	61 and above																	
Chairman Chi Jie Investment Co., Ltd. Representative Chia-Juch Chang		13y 1m	M		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		✓	
Vice Chairman GPPC Chemical Corp. Representative Lionel de Saint-Exupéry		1y 6m	M	✓				✓	✓		✓	✓	✓			✓						✓

Title/ Name		Tenure (years)	Diversity Standards															Committee					
			Basic profile		industry experience					Professional knowledge/skill													
			Gender	Age		Holding Company	Commercial Banking	Securities / Insurance	PE / VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership	Information Technology	International Experience						
				40-60	61 and above																		
Director Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini		5m	M	✓			✓				✓	✓	✓	✓	✓	✓			✓	✓		✓	
Director Jing Hui Investment Co., Ltd. Representative Shan-Jung Yu		1y 10m	F	✓		✓			✓			✓		✓		✓						✓	
Director Paul Yang		11y 11m	M	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓						✓	
Independent Director Hsiou-Wei Lin		4y 11m	M	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓	✓	✓	
Independent Director Tyzz-Jiun Duh		1y 10m	M		✓				✓	✓	✓	✓		✓		✓	✓	✓	✓		✓		

Title/ Name		Tenure (years)	Diversity Standards															Committee					
			Basic profile			industry experience					Professional knowledge/skill												
			Gender	Age		Holding Company	Commercial Banking	Securities / Insurance	PE / VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership	Information Technology	International Experience						
				40-60	61 and above																		
Independent Director Hsing-Cheng Tai		1y 10m	M		✓		✓	✓			✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	

3.2.3 Management Team

March 31, 2021

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
President	USA	Stefano Paolo Bertamini	M	2020.11.04	3,250,000	0.02	0	0.00	0	0.00	MBA, University of North Texas CEO of Al Rajhi Bank	Director of China Life Insurance Co., Ltd. Director of Al Rajhi Bank, KSA Director of Al Rajhi Bank & Investment Corporation (Malaysia) Berhad	-	-	-	-
Executive VP	R.O.C	Daw-Yi Hsu	M	2020.11.04	749,797	0.01	5,600,000	0.04	0	0.00	MBA, The Ohio State University Acting President of CDF and Chairman of KGI Securities	Chairman of KGI Securities Co. Ltd. Director of CDIB Capital Management Corp. Director of Richpoint Company Limited Director of CDIB Yida Private Equity (Kunshan) Co. Ltd. Director of KG Investments Holdings Limited	-	-	-	-
Executive VP	R.O.C	Mark Wei	M	2019.02.01	21,616	0.00	120,000	0.00	0	0.00	MBA, The George Washington University Chairman of KGI Bank	Chairman of KGI Bank	-	-	-	-
Legal Dept. Executive VP	R.O.C	Julian Yan	M	2015.05.01	1,111,263	0.01	0	0.00	0	0.00	MBA, MIT LLM, University of Michigan EVP of CDF and KGI Securities	EVP of KGI Securities Director of KGI Bank Director of CDIB Capital Management Corp. Supervisor of CDIB Yida Private Equity (Kunshan) Co. Ltd. Supervisor of CDIB Private Equity (Fujian) Co., Ltd. Supervisor of CDIB Capital Creative Industries Ltd. Director of KGI Asset Management Limited Director of KGI Securities (Singapore) Pte. Ltd. Director of KGI Securities (Thailand) Public Company Limited	-	-	-	-
Compliance Dept. Executive VP	R.O.C	Te En Chan	M	2017.01.01	107,000	0.00	0	0.00	0	0.00	Ph. D. of Criminology, National Chung Cheng University Associate Professor of Ming Chuan University	-	-	-	-	-
Finance Dept. Executive VP	R.O.C	Jenny Huang	F	2020.05.18	803,135	0.01	0	0.00	0	0.00	Bachelor of Accounting, National Taiwan University EVP of KGI Securities	EVP of KGI Securities Supervisor of CDC Finance & Leasing Corp. Director of KGI Asia Limited Director of KGI Capital Asia Limited Director of KGI Finance Limited Director of KGI Hong Kong Limited Director of KGI International (Hong Kong) Limited Director of KGI International Finance Limited Director of KGI International Holdings Limited Director of KGI International Limited Director of KGI Investments Management Limited Director of KGI Limited Director of KGI Securities (Thailand) Public Company Limited	-	-	-	-
Group Digital & Innovation Office Executive VP	UK	Ketan Samani	M	2020.09.01	0	0.00	0	0.00	0	0.00	Bachelor in Management and Systems, The City University, London Chief Digital Officer of UBS Wealth Management, Singapore	Director of Digital Nomade Pte. Ltd. Partner of Studio-ID LLP	-	-	-	-
Human Resources Dept. Executive VP	Singapore	Winifred Dente	F	2021.02.01	50,000	0.00	0	0.00	0	0.00	Bachelor of Management, Singapore Institute of Management Country Human Resources Head of Citi Taiwan	-	-	-	-	-
Group Marketing Office Executive VP	Argentina	Gabriel Heredia	M	2021.02.17	0	0.00	0	0.00	0	0.00	Bachelor of Science in Communication, University of Miami Group Chief Marketing Officer of First Abu Dhabi Bank	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
Group Development & Strategy Executive VP	Philippines	Raymund Reyes	M	2021.02.19	0	0.00	0	0.00	0	0.00	MBA, Fordham University Advisor of Warburg Pincus,	CDIB Capital International (Hong Kong) Corporation Ltd., Managing Director Macarthur Avenue Investments, Owner	-	-	-	-
Information Technology Dept. Executive VP	HK, China	Terence Yeung	M	2021.03.08	0	0.00	0	0.00	0	0.00	EMBA, University of Chicago Booth School of Business Chief Fintech Officer and Head of Business Development, MoneySQ/TrustME, HK	-	-	-	-	-
Group Data & Analytics Office Executive VP	UK	Samar Kumar	M	2021.03.29	0	0.00	0	0.00	0	0.00	Master of Science in Computing, Northumbria University Global Head of Analytics and Data Management, Standard Chartered Bank	-	-	-	-	-
Risk Management Dept. Executive VP	R.O.C	Winnie Huang	F	2018.06.01	0	0.00	0	0.00	0	0.00	MBA, The George Washington University EVP of China Life Insurance Co., Ltd.	Director of KGI Bank Director of CDC Finance & Leasing Corp.	-	-	-	-
Internal Audit Dept. Chief Auditor	R.O.C	Hans Tzou	M	2018.11.15	580,077	0.00	0	0.00	0	0.00	Master of Laws, National Chengchi University EVP of CDF and CDIB Capital Group	-	-	-	-	-
Information Security Dept. Executive VP	R.O.C	Richard Sun	M	2019.01.01	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University EVP of CDF	-	-	-	-	-
Secretariat, Board of Directors Executive VP	R.O.C	Vincent Hung	M	2020.08.01	2,302,038	0.02	0	0.00	0	0.00	Bachelor of Information Management, Fu Jen Catholic University VP of CDF	EVP of CDIB Capital Group	-	-	-	-
Operations and Corporate Services Dept. (Acting) SVP	R.O.C	Patrick Huang	M	2020.01.01	443,701	0.00	0	0.00	0	0.00	Master of Journalism, Chinese Culture University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
Executive VP	Singapore	Reddy Wong	M	2009.3.30	709,945	0.00	0	0.00	0	0.00	B.B.A., National University of Singapore MD of CDIB Capital Limited	Director of Global Treasure Investments Limited Director of KG Investments Holdings Limited Director of KGI Asia (Holdings) Pte. Ltd. Director of KGI Asia Limited Director of KGI Asset Management Limited Director of KGI Capital Asia Limited Director of KGI Finance Limited Director of KGI Futures (Hong Kong) Limited Director and MD of KGI Hong Kong Limited Director of KGI International (Hong Kong) Limited Director of KGI International Finance Limited Director of KGI International Holdings Limited Director of KGI International Limited Director of KGI Investments Management Limited Director of KGI Limited Director of KGI Nominees (Hong Kong) Limited Director of KGI Securities (Singapore) Pte. Ltd.	-	-	-	-
Executive VP	R.O.C	Josephine Yang	F	2016.03.08	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University EVP of CDF	-	-	-	-	-
Executive VP	R.O.C	Andy Lin	M	2019.03.28	0	0.00	1,353,648	0.01	0	0.00	Master of Financial Management, National Central University EVP of CDF and KGI Bank	Director of CDIB International Leasing Corp. Director of CDIB Capital Management Corp. Director of NEXT Bank Director and President of CDC Finance & Leasing Corp.	-	-	-	-
Executive VP	R.O.C	Richard Chang	M	2019.06.14	332,590	0.00	0	0.00	0	0.00	MBA, University of Chicago President of KGI Bank	Director of CDIB Capital Management Corp. Director of KGI Bank Director of Modest Benefits Taiwan E Chain Co., Ltd. Director of TBCASoft, Inc.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
Executive VP	R.O.C	Jamie Huang	M	2020.07.01	0	0.00	4,390,949	0.03	0	0.00	Master of Finance, National Taiwan University EVP of KGI Bank	Director of CDIB Capital Group	-	-	-	-
Executive VP	R.O.C	Frank Yang	M	2020.12.01	1,198,723	0.01	0	0.00	0	0.00	Bachelor of Cooperative Economics, Feng Chia University EVP of KGI Securities	EVP of KGI Securities	-	-	-	-
Executive VP	R.O.C	Ivy Aoh	F	2021.03.22	72,808	0.00	140,000	0.00	0	0.00	B.B.A., National Cheng Kung University EVP of KGI Bank	EVP of KGI Bank	-	-	-	-
Executive VP	R.O.C	Jenny Chiang	F	2009.07.29	1,717,907	0.01	0	0.00	0	0.00	B.B.A., Ming Chuan University EVP of CDF and CDIB Capital Group	EVP of CDIB Capital Group Director of CDIB Venture Capital Corp. Director of CDIB Capital Asia Partners Limited Director of CDIB Capital International (Hong Kong) Corporation Limited Director of CDIB Capital International Corporation Director of CDIB Private Equity (Hong Kong) Corporation Limited	-	-	-	-
Executive VP	R.O.C	James Meng	M	2010.01.25	517,915	0.00	0	0.00	0	0.00	Master of Finance, National Taiwan University EVP of CDIB Capital Group	Chairman of CDC Finance & Leasing Corp.	-	-	-	-
Executive VP	R.O.C	Frances Tsai	F	2014.09.15	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University Senior VP of Citibank	EVP of CDIB Capital Group Supervisor of CDIB Capital Healthcare Ventures Ltd. Director of CDIB Venture Capital Corp. Supervisor of CDIB Capital Management Corp. Supervisor of CDIB Capital Creative Industries Ltd. Director of CDIB Capital International (Hong Kong) Corporation Limited Director of CDIB Capital International Corp. Director of CDIB Capital Investment I Ltd. Director of CDIB Capital Investment II Ltd. Director of CDIB Global Markets Ltd. Director of CDIB Private Equity (Hong Kong) Corporation Limited Director of CDIB Venture Capital (Hong Kong) Corporation Limited	-	-	-	-
Executive VP	R.O.C	Kiki Shih	F	2015.05.01	1,270,668	0.01	555,135	0.00	0	0.00	Master of Accounting, National Taiwan University SVP of CDF	Director of China Life Insurance Co., Ltd. Supervisor of CDIB International Leasing Corp. Director of China Development Asset Management Corp. Supervisor of CDIB Management Consulting Corp.	SVP	Steven Ching	Spouse	
Executive VP	R.O.C	Guang-Yue Yeh	M	2015.05.01	0	0.00	0	0.00	0	0.00	Master of Computer Science, Mississippi State University EVP of KGI Bank	-	-	-	-	
Executive VP	R.O.C	Sunny Lin	F	2017.11.01	0	0.00	0	0.00	0	0.00	Master in Public Administration, University of Manila EVP of KGI Bank	EVP of KGI Bank	-	-	-	-
Executive VP	R.O.C	David Kuo	M	2020.04.10	2,015,851	0.01	326,364	0.00	0	0.00	M.S., West Coast University EVP of KGI Bank	EVP of KGI Securities	-	-	-	-
Executive VP	R.O.C	Christy Shyy	F	2020.12.01	30,000	0.00	0	0.00	0	0.00	Accounting, Western Michigan University V.P. of Taishin International Bank	EVP of KGI Bank	-	-	-	-
Executive VP	R.O.C	Marisol Wang	F	2017.07.01	0	0.00	0	0.00	0	0.00	Master of Laws, Soochow University SVP of CDF and CDIB Capital Group	EVP of CDIB Capital Group Supervisor of CDIB Private Equity (China) Corp. Supervisor of CDIB Venture Capital Corp. Supervisor of China Development Asset Management Corp.	-	-	-	-
Executive VP	R.O.C	Chris Sun	M	2017.09.01	194,138	0.00	0	0.00	0	0.00	Master of Accounting, National Chengchi University SVP of CDF and KGI Bank	EVP of KGI Bank	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
Executive VP	R.O.C	Michael Chang	M	2018.06.01	90,344	0.00	0	0.00	0	0.00	Master of Laws, Harvard University SVP of CDF and CDIB Capital Group	EVP of KGI Bank Supervisor of CDIB Innovation Accelerator Co., Ltd. Supervisor of Suyin KGI Consumer Finance Co., Ltd.	-	-	-	-
Executive VP	R.O.C	Teresa Li	F	109.06.01	0	0.00	0	0.00	0	0.00	MBA, Wharton School of the University of Pennsylvania SVP of KGI Bank	-	-	-	-	-
Executive VP	R.O.C	Jill Liu	F	109.12.01	284,793	0.00	0	0.00	0	0.00	MBA, National Taiwan University EVP of KGI Securities	EVP of KGI Securities	-	-	-	-
Executive VP	India	Anil Pathak	M	110.02.17	0	0.00	0	0.00	0	0.00	MBA, Vikram University Head of Marketing, Al Rajhi Bank	-	-	-	-	-
Executive VP	Singapore	Bryan Goh	M	110.03.15	0	0.00	0	0.00	0	0.00	Diploma in IT, Temasek Polytechnic Head of digital experience and design, Singtel,	-	-	-	-	-
Executive VP	R.O.C	Raymond Chang	M	110.03.15	0	0.00	0	0.00	0	0.00	B.B.A, Michigan Baker College SVP of Digital, Data & Technology, Cathay Financial Holdings	-	-	-	-	-
Executive VP	Singapore	Jacqueline Tan	F	110.03.23	0	0.00	0	0.00	0	0.00	MBA, INSEAD Executive Director of DBS Bank	-	-	-	-	-
SVP	R.O.C	Lecko Lai	F	2010.05.01	536,649	0.00	0	0.00	0	0.00	MBA, National Taiwan University VP of CDF and CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Ellen Chang	F	2011.07.01	289,645	0.00	0	0.00	0	0.00	Master of Computer Science, University of West Florida VP of CDF and CDIB Capital Group	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Alex Hung	M	2014.08.01	70,000	0.00	10,000	0.00	0	0.00	Bachelor of Open College with National Taipei University of Business VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Lily Li	F	2014.08.01	297,384	0.00	0	0.00	0	0.00	Master of Public Policy, Harvard University VP of CDF and CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Sharol Lin	F	2014.11.25	71,487	0.00	0	0.00	0	0.00	MBA, Oklahoma City University SVP of CDIB Capital Group	-	-	-	-	-
SVP	R.O.C	Shu Ling Yang	F	2015.05.01	522,567	0.00	0	0.00	0	0.00	MBA, National Chengchi University VP of CDF and CCM	SVP of CDIB Private Equity (China) Corp.	-	-	-	-
SVP	R.O.C	Christy Lin	F	2015.05.01	906,614	0.01	0	0.00	0	0.00	MBA, National Taiwan University VP of CDF	Director of GPPC Development Corp. Director of CDIB Capital International (USA) Corporation Director of CDIB Capital Investment I Limited Director of CDIB Capital Investment II Limited Director of CDIB Global Markets Limited	-	-	-	-
SVP	R.O.C	Sandra Yao	F	2015.05.01	182,470	0.00	0	0.00	0	0.00	Bachelor of Accounting, National Taiwan University VP of CDF and CDIB Capital Group	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Steven Ching	M	2015.05.01	555,135	0.00	1,270,668	0.01	0	0.00	Master of Accounting, Soochow University SVP of CDIB Capital Group	-	EVP	Kiki Shih	Spouse	-
SVP	R.O.C	Joann Tsai	F	2016.05.01	6,210	0.00	0	0.00	0	0.00	Bachelor of Laws, National Taiwan University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Connie Liu	F	2018.08.01	40,000	0.00	2,000	0.00	0	0.00	MBA, University of West Florida SVP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	David Chi	M	2018.10.01	402,957	0.00	0	0.00	0	0.00	MBA, National Taiwan University SVP of KGI Securities	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Justin Wu	M	2019.05.01	5,230	0.00	0	0.00	0	0.00	MBA, National Chengchi University VP of CDF and CDIB Capital Group	SVP of CDIB Capital Group	-	-	-	-
SVP	R.O.C	Wen Chung Lin	M	2020.05.01	150,018	0.00	0	0.00	0	0.00	MBA, University of Illinois AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-

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					shares	%	shares	%	shares	%			Title	Name	Relations	
SVP	R.O.C	Vivian Tai	F	2020.09.10	0	0.00	0	0.00	0	0.00	Bachelor of Finance, National Taiwan University Senior Manager of Audit & Assurance, Deloitte & Touche,	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Ken Lin	M	2020.11.16	0	0.00	0	0.00	0	0.00	B.B.A., Soochow University VP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Shiao-Chun Chen	F	2020.11.16	0	0.00	0	0.00	0	0.00	Bachelor of Economics, National Chengchi University VP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Joshua Fu	M	2020.12.01	0	0.00	0	0.00	0	0.00	Political Science, San Diego State University Creative Ventures Lab	Creative Ventures Lab, Investor	-	-	-	-
SVP	R.O.C	Winnie Tsai	F	2021.03.01	0	0.00	0	0.00	0	0.00	Master of Finance, Tamkang University Director of Financial Talent Training Department, Citibank Taiwan	SVP of KGI Bank	-	-	-	-
VP	R.O.C	Willy Lu	M	2008.07.01	67,871	0.00	0	0.00	0	0.00	Bachelor of International Trade, Hsing Wu University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Chien Ping Lin	M	2012.01.01	331,538	0.00	0	0.00	0	0.00	MBA, National Chengchi University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Jessica Chen	F	2012.01.01	54,357	0.00	0	0.00	0	0.00	Master of Accounting, Pace University of New York AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Wen Chiao Chang	F	2012.01.01	128,349	0.00	0	0.00	0	0.00	Master of Accounting, National Chengchi University AVP of CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Amy Wang	F	2012.01.01	223,822	0.00	0	0.00	0	0.00	MBA, National Chengchi University AVP of CDF and Grand Cathay Securities	VP of CDIB Management Consulting Corp.	-	-	-	-
VP	R.O.C	Chris Chiang	F	2012.10.01	0	0.00	0	0.00	0	0.00	B.B.A., Ming Chuan University VP of Grand Cathay Securities	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Fanny Lin	F	2012.10.25	515,071	0.00	775	0.00	0	0.00	MBA, Chinese Culture University VP of Grand Cathay Securities	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Judy Mao	F	2014.05.20	241,257	0.00	0	0.00	0	0.00	Master of Economics, University of Wisconsin, Madison VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Claire Wang	F	2014.06.01	389	0.00	0	0.00	0	0.00	Bachelor of Business Mathematics, Soochow University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Chih-Shun Wang	M	2014.06.23	157,649	0.00	0	0.00	0	0.00	MBA, Texas A&M University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Yen Ling Lai	F	2014.11.01	30,464	0.00	0	0.00	0	0.00	MBA, National Chengchi University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Melissa Pan	F	2015.04.01	58,437	0.00	0	0.00	0	0.00	Bachelor of Accounting, National Chung Hsing University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Hui Ju Huang	F	2015.05.01	40,110	0.00	0	0.00	0	0.00	Master of Computer Science, University of Southern California VP of CDIB Capital Group	VP of KGI Bank	-	-	-	-
VP	R.O.C	Kevin Hsu	M	2015.05.01	121,544	0.00	0	0.00	0	0.00	Master of Information Systems, Lawrence Technological University VP of CDIB Capital Group	VP of KGI Bank	-	-	-	-
VP	R.O.C	Eddie Chang	M	2016.01.01	85,555	0.00	0	0.00	0	0.00	Bachelor of Information Engineering, Feng Chia University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-

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					shares	%	shares	%	shares	%			Title	Name	Relations	
VP	R.O.C	Elsa Wang	F	2016.05.01	20,404	0.00	0	0.00	0	0.00	Master of Arts, Shih Hsin University AVP of CDF and KGI Bank	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Jerry Li	M	2016.05.01	0	0.00	0	0.00	0	0.00	Master of Economics, National Taiwan University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Daisy Wu	F	2016.05.19	215,144	0.00	0	0.00	0	0.00	MBA, National Chengchi University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Sophia Liou	F	2017.07.01	89,735	0.00	0	0.00	0	0.00	LLM, National Cheng Kung University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Bonnie Huang	F	2017.11.01	0	0.00	0	0.00	0	0.00	MBA, Newport University VP of KGI Securities	SVP of KGI Securities	-	-	-	-
VP	R.O.C	Guangdi Yang	F	2018.03.13	0	0.00	0	0.00	0	0.00	Master of Arts, New York University VP of Bank SinoPac	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Barry Chen	M	2018.06.01	0	0.00	0	0.00	0	0.00	Bachelor of Computer Science and Engineering, Tatung University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Jason Yeh	M	2018.06.12	0	0.00	39	0.00	0	0.00	MBA, Tamkang University Senior Enterprise Architech Manager of Hewlett Packard Taiwan	VP of KGI Bank	-	-	-	-
VP	R.O.C	Eveline Lu	F	2018.10.17	37,059	0.00	0	0.00	0	0.00	Bachelor of Shipping and Transportation Management, National Taiwan Ocean University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Winnie Yang	F	2018.06.01	540	0.00	0	0.00	0	0.00	Bachelor of Accounting, Tunghai University VP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Vigo Chen	M	2020.04.01	35,000	0.00	0	0.00	0	0.00	Bachelor of Applied Psychology, Fu Jen Catholic University VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Sindy Tsai	F	2020.04.01	209,496	0.00	0	0.00	0	0.00	MBA, National Chengchi University VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Hui-Yuan Hsiao	M	2020.04.01	0	0.00	0	0.00	0	0.00	Master of Accounting, Soochow University Director of Risk Technology, Beijing Huatec Information Technology Co., Ltd	VP of KGI Bank	-	-	-	-
VP	R.O.C	May Chung	F	2020.11.16	0	0.00	0	0.00	0	0.00	M.S., University of Illinois at Urbana-Champaign Manager of Wealth Management, Citibank Taiwan	VP of KGI Bank	-	-	-	-
VP	R.O.C	CJ Lin	F	2021.01.04	0	0.00	0	0.00	0	0.00	Master of Arts, University of Missouri-Columbia GM of GCEC	-	-	-	-	-
VP	R.O.C	Petty Wu	F	2021.03.01	0	0.00	0	0.00	0	0.00	MB, Chinese Culture University AVP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Sally Tseng	F	2021.03.09	505	0.00	0	0.00	0	0.00	Master of Science, University of London IT Governance with Company Strategic Transformation, Cigna Taiwan	-	-	-	-	-
VP	R.O.C	Thomas Wang	M	2021.03.15	0	0.00	0	0.00	0	0.00	Master of Computer Science and Engineering, Tatung University VP of Inst Banking IT Dept., CTBC Bank	-	-	-	-	-
VP	R.O.C	Chia Hui Lee	F	2014.07.01	0	0.00	0	0.00	0	0.00	B.B.A., National Chengchi University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Gina Fang	F	2015.05.01	7,970	0.00	0	0.00	0	0.00	B.B.A., Soochow University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-

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					shares	%	shares	%	shares	%			Title	Name	Relations	
VP	R.O.C	Bee Jane Hsu	F	2015.06.01	138,614	0.00	0	0.00	0	0.00	Master of Management Science, Tamkang University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Mike Tsai	M	2015.09.01	102,722	0.00	0	0.00	0	0.00	Bachelor of Transportation Management, Feng Chia University VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Sandy Lu	F	2015.09.01	0	0.00	0	0.00	0	0.00	Bachelor of Foreign Languages and Literatures, National Chung Hsing University Manager of HSBC	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Ya-shin Liu	F	2016.05.01	419	0.00	0	0.00	0	0.00	Bachelor of Accounting, National Cheng Kung University AVP of CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Angel Wei	F	2016.05.09	0	0.00	0	0.00	0	0.00	Bachelor of Bank and Insurance, Feng Chia University VP of DBS	VP of KGI Bank	-	-	-	-
VP	R.O.C	Will Chang	M	2016.12.01	0	0.00	0	0.00	0	0.00	Master of Information Management, National Central University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Wen-Chi Yu	F	2016.12.01	17	0.00	0	0.00	0	0.00	Bachelor of Finance, Takming University of Science and Technology VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Paul Yen	M	2017.07.01	51,026	0.00	0	0.00	0	0.00	MBA, Mercer University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Shan Yuan Hung	M	2017.12.01	0	0.00	0	0.00	0	0.00	MBA, Tamkang University VP of SinoPac Holdings	-	-	-	-	-
VP	R.O.C	Wendy Wei	F	2018.03.07	142,492	0.00	0	0.00	0	0.00	Master of Finance, National Taiwan University of Science and Technology VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Jess Hung	F	2018.06.01	136,379	0.00	0	0.00	0	0.00	Bachelor of Accounting, Feng Chia University VP of CDIB Capital Group and CDF	-	-	-	-	-
VP	R.O.C	Tsung Pin Huang	M	2018.06.01	101,062	0.00	0	0.00	0	0.00	Master of Economics, National Chengchi University VP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Fan Wang	M	2018.06.01	153,702	0.00	0	0.00	0	0.00	Bachelor of Electronic and Computer Engineering, National Taiwan University of Science and Technology VP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Hank Wang	M	2018.07.01	0	0.00	0	0.00	0	0.00	Bachelor of Information and Communications, Shih Hsin University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Cynthia Chen	F	2018.07.14	105,084	0.00	0	0.00	0	0.00	Bachelor of Bank and Insurance, Ming Chuan University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Rhoda Yang	F	2018.09.10	5,000	0.00	0	0.00	0	0.00	Master of Statistic, National Taipei University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Caroline Ho	F	2019.05.01	0	0.00	0	0.00	0	0.00	MBA, Bernard M. Baruch College, The City University of New York AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Harriet Tsai	F	2019.05.01	634	0.00	25	0.00	0	0.00	Master of International Business, Tamkang University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Jen Lung Lai	M	2019.05.01	0	0.00	0	0.00	0	0.00	Bachelor of Chemistry Engineering, Tamkang University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
VP	R.O.C	Robert Liu	M	2019.09.09	0	0.00	0	0.00	0	0.00	Master of Accounting, National Taiwan University Senior Manager of VSO Electronics Co., Ltd.	VP of CDC Finance & Leasing Corp.	-	-	-	-
VP	R.O.C	Tina Wu	F	2020.04.01	0	0.00	0	0.00	0	0.00	B.B.A., Fu Jen Catholic University Manager of Overseas Retail Banking, CTBC Bank	VP of KGI Securities	-	-	-	-
VP	R.O.C	Hsiu Yen Huang	F	2020.05.01	22,295	0.00	0	0.00	0	0.00	B.B.A., National Chung Hsing University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	May Wu	F	2020.05.01	20,000	0.00	0	0.00	0	0.00	Hsing Wu High School AVP of CDF	-	-	-	-	-
VP	R.O.C	Pei-Yun Chen	F	2020.05.01	24,000	0.00	16,000	0.00	0	0.00	Bachelor of Public Finance, National Chengchi University AVP of CDF and KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Sophia Hsieh	F	2020.05.01	0	0.00	0	0.00	0	0.00	Finance, McGill University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Emily Kuo	F	2020.05.01	658	0.00	0	0.00	0	0.00	Bachelor of Financial Management, National Central University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Hung-Hai Liu	M	2020.05.01	0	0.00	0	0.00	0	0.00	MBA, National Chiao Tung University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Chiao Yun Yen	F	2020.05.01	10,501	0.00	0	0.00	0	0.00	UKMA in Finance and Investment, University of Nottingham AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Chia Hui Chen	F	2020.05.01	170,497	0.00	0	0.00	0	0.00	Bachelor of Accounting, Tunghai University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Keng Chia Chang	M	2020.05.01	20,000	0.00	0	0.00	0	0.00	Master of Information Management, National Chengchi University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Kevin Wu	M	2020.05.01	239	0.00	0	0.00	0	0.00	Bachelor of Information Management, Yuan Ze University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Cheng-Yuan Lee	M	2020.05.01	0	0.00	0	0.00	0	0.00	Bachelor of Journalism, Shih Hsin University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Pei-Ju Chen	F	2020.05.01	0	0.00	14,003	0.00	0	0.00	Information Management, China University of Technology, Continuation school AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Daniel Kuo	M	2020.05.15	0	0.00	0	0.00	0	0.00	B.B.A., University of Toronto VP of Business Banking, Standard Chartered Bank	-	-	-	-	-
VP	R.O.C	Chris Chiang	F	2020.06.29	10,000	0.00	5,000	0.00	0	0.00	Master of Science, National Taiwan University Project Manager, Taiwan Philips	-	-	-	-	-
VP	R.O.C	Gary Wu	M	2020.05.01	0	0.00	0	0.00	0	0.00	MBA, National Chengchi University Manager of Wealth Management, Yuanta Bank	-	-	-	-	-
VP	R.O.C	Josephine Wu	F	2020.09.01	47,260	0.00	0	0.00	0	0.00	Master of International Banking and Development Finance, University of Wales AVP of KGI Securities	VP of KGI Securities	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					shares	%	shares	%	shares	%			Title	Name	Relations	
VP	R.O.C	Andree Lu	F	2020.11.16	0	0.00	0	0.00	0	0.00	B.B.A, Cleveland State University DBS Bank, Associate of Human Resources	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Chih-Ting Lee	F	2021.03.01	0	0.00	0	0.00	0	0.00	Master of Information Management, Tamkang University Financial Supervisory Commission, Researcher of the Inspectorate	VP of KGI Bank	-	-	-	-
VP	R.O.C	Yann-Fen Jeng	F	2021.03.01	26	0.00	0	0.00	0	0.00	Bachelor of Public Finance, National Taipei University of Business VP of KGI Bank	VP of KGI Bank	-	-	-	-

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

3.2.4 Reappointment of the retiring chairperson and president as consultants

None

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

None

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

3.3.1 Remuneration of Directors

Unit: NTS 1,000 : December 31, 2020

Title		Name (Note 1)		Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income(%)(Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%)(Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent company (Note 11)
				Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
				The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements(Note 7)		The company	Companies in the consolidated financial statements (Note 7)	
																		Cash	Stock	Cash	Stock			
Director	Chairman	Chi Jie Investment Co., Ltd. Representative:	Chia-Juch Chang	52,725	55,265	0	0	133,000	133,000	1,556	2,198	1.480	1.505	67,279	231,498	0	0	0	0	0	0	2.012	3.334	-
	Director	Jing Hui Investment Co., Ltd. Representative:	Stefano Paolo Bertamini																					
	Director	GPPC Chemical Corp. Representative:	Lionel de Saint-Exupery																					
	Director	Jing Hui Investment Co., Ltd. Representative:	Shan-Jung Yu																					
	Director	Paul Yang																						
	Former Director	Jing Hui Investment Co., Ltd. Representative:	Jen-Hai Wang																					
	Former Director	Chi Jie Investment Co., Ltd. Representative:	Alan Wang																					
	Former Director	Chi Jie Investment Co., Ltd. Representative:	Yu-Ling Kuo																					
Independent Director	Independent Director	Tyzz-Jiun Duh		10,277	15,407	0	0	0	0	1,750	2,440	0.095	0.141	0	0	0	0	0	0	0	0	0.095	0.141	-
	Independent Director	Hsing-Cheng Tai																						
	Independent Director	Hsiou-Wei Lin																						

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

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

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

2. In addition to the disclosure in the above table, the directors of the company have received remuneration for providing services for all companies in the financial report (such as a non-employee consultant) in the most recent year : NTS129,000 °

3. The company offers directors with personal allowance for housing, cars, and other personal needs in the value of NTS1,629,000; compensation for drivers was NTS2,511,000.

4. Provision expense of retirement payments was NTS632,000.

5. The values of directors' remuneration as part of earnings distribution are tentative.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)	Companies in the consolidated financial statements (Note9) (H)	The company (Note 8)	Companies in the consolidated financial statements (Note9) (I)
Under NT\$ 1,000,000	Paul Yang	Paul Yang	Paul Yang	Paul Yang
NT\$ 1,000,000~ NT\$ 2,000,000(exclude)	-	-	-	-
NT\$2,000,000 ~ NT\$3,500,000(exclude)	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000 (exclude)	Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini 、 Tyzz-Jiun Duh 、 Hsing-Cheng Tai 、 Hsiou-Wei Lin	Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini 、 Hsiou-Wei Lin	Tyzz-Jiun Duh 、 Hsing-Cheng Tai 、 Hsiou-Wei Lin	Hsiou-Wei Lin
NT\$5,000,000 ~ NT\$10,000,000 (exclude)	Chi Jie Investment Co., Ltd. : Alan Wang (Former)	Chi Jie Investment Co., Ltd. : Alan Wang (Former) 、 Tyzz-Jiun Duh 、 Hsing-Cheng Tai	-	Tyzz-Jiun Duh 、 Hsing-Cheng Tai
NT\$10,000,000 ~ NT\$15,000,000(exclude)	-	-	Chi Jie Investment Co., Ltd. : Alan Wang (Former)	-
NT\$15,000,000~ NT\$30,000,000(exclude)	GPPC Chemical Corp. : Lionel de Saint-Exupery 、 Jing Hui Investment Co., Ltd.: Jen-Hai Wang (Former) 、 Chi Jie Investment Co., Ltd. : Yu-Ling Kuo (Former)	GPPC Chemical Corp. : Lionel de Saint-Exupery 、 Jing Hui Investment Co., Ltd.: Jen-Hai Wang (Former) 、 Chi Jie Investment Co., Ltd. : Yu-Ling Kuo (Former)	GPPC Chemical Corp. : Lionel de Saint-Exupery 、 Jing Hui Investment Co., Ltd.: Jen-Hai Wang (Former)	Jing Hui Investment Co., Ltd.: Jen-Hai Wang (Former) 、 Chi Jie Investment Co., Ltd. : Alan Wang (Former)
NT\$30,000,000 ~ NT\$50,000,000(exclude)	Jing Hui Investment Co., Ltd.: Shan-Jung Yu	Jing Hui Investment Co., Ltd.: Shan-Jung Yu	Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini 、 Jing Hui Investment Co., Ltd.: Shan-Jung Yu 、 Chi Jie Investment Co., Ltd. : Yu-Ling Kuo (Former)	Jing Hui Investment Co., Ltd.: Stefano Paolo Bertamini 、 Jing Hui Investment Co., Ltd.: Shan-Jung Yu
NT\$50,000,000 ~ NT\$100,000,000(exclude)	Chi Jie Investment Co., Ltd. : Chia-Juch Chang	Chi Jie Investment Co., Ltd. : Chia-Juch Chang	Chi Jie Investment Co., Ltd. : Chia-Juch Chang	Chi Jie Investment Co., Ltd. : Chia-Juch Chang 、 Chi Jie Investment Co., Ltd. : Yu-Ling Kuo (Former)
Over NT\$100,000,000	-	-	-	GPPC Chemical Corp. : Lionel de Saint-Exupery
Total	11	11	11	11

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.3.2 Remuneration of the President and Vice President

Unit: NT\$ 1,000 ; December 31,2020

[illegible]

Note1: The company offers directors with personal allowance for housing, cars, and other personal needs in the value of NT\$5,548,000; compensation for drivers was NT\$7,217,000.

Note2: Provision expense of retirement payments was NT\$3,948,000.

Note 3: The values of employee bonuses as part of earnings distribution are only tentative.

Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company (Note 6)	Companies in the consolidated financial statements (Note7) (E)
Under NT\$ 1,000,000	Daw-Yi Hsu 、Frank Yang 、Mark Wei 、Marisol Wang 、Christy Shyy 、Sunny Lin 、Michael Chang 、David Kuo 、Jill Liu 、S. L. Lee 、Henry Chang	Christy Shyy 、Jill Liu 、Henry Chang
NT\$1,000,000 ~ NT\$2,000,000(exclude)	Brian Chou 、Chih Yu Chou	Brian Chou 、Chih Yu Chou
NT\$2,000,000 ~ NT\$3,500,000(exclude)	Jamie Huang 、Teresa Li 、Chris Sun	Jamie Huang 、Frank Yang 、Teresa Li
NT\$3,500,000~NT\$5,000,000(exclude)	Reddy Wong 、James Meng	James Meng
NT\$5,000,000~NT\$10,000,000(exclude)	Ketan Samani 、Andy Lin 、Te En Chan 、Kiki Shih 、Jenny Chiang 、Richard Sun 、Winnie Huang 、Hans Tzou 、Frances Tsai 、Guang-Yue Yeh 、Alan Wang 、William Fang	Andy Lin 、Te En Chan 、Marisol Wang 、Sunny Lin 、Kiki Shih 、Richard Sun 、Chris Sun 、Michael Chang 、Winnie Huang 、David Kuo 、Hans Tzou 、Frances Tsai 、Guang-Yue Yeh 、Alan Wang
NT\$10,000,000~NT\$15,000,000(exclude)	Jenny Huang 、Richard Chang 、Josephine Yang 、Vincent Hung	Ketan Samani 、Jenny Huang 、Richard Chang 、Josephine Yang 、Vincent Hung 、Jenny Chiang
NT\$15,000,000~NT\$30,000,000(exclude)	Julian Yen	Daw-Yi Hsu 、Mark Wei 、Julian Yen 、S. L. Lee
NT\$30,000,000~NT\$50,000,000(exclude)	Stefano Paolo Bertamini 、Yu-Ling Kuo	Stefano Paolo Bertamini 、Reddy Wong 、William Fang
NT\$50,000,000~NT\$100,000,000(exclude)	-	Yu-Ling Kuo
Over NT\$100,000,000	-	-
Total	37	37

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

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

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

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

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

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

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

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

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

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

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

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

3.3.3 Employee Remuneration

Unit: NT\$ 1,000 ; December 31, 2020

	Title	Name	Employee Bonus - in Stock	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Stefano Paolo Bertamini	0	63,677	63,677	0.503
	Executive VP	Ketan Samani, Andy Lin, Daw-Yi Hsu, Reddy Wong, Jamie Huang, Jenny Huang, Richard Chang, Josephine Yang, Frank Yang, Te En Chan, Mark Wei, Julian Yen				
	Executive VP	Marisol Wang, Christy Shyy, Teresa Li, Sunny Lin, James Meng, Vincent Hung, Kiki Shih, Jenny Chiang, Richard Sun, Chris Sun, Michael Chang, Winnie Huang, David Kuo, Hans Tzou, Frances Tsai, Guang-Yue Yeh, Jill Liu				

3.3.4 Separate the comparison and description of total remuneration, as a percentage of net income stated in the parent-company-only financial statements or individual financial statements, as paid by the Company and all other companies included in the consolidated financial statements during the past two fiscal years to directors, the president, and vice presidents, with the analysis and description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

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

In 2019, all remunerations paid to directors by the Company and all companies in the consolidated financial statement (excluding part-time employee compensation, same as below) as a percentage of net income were 1.48% and 1.493%, respectively. In 2020, all remunerations paid to directors by the Company and all companies in the consolidated financial statement as a percentage of net income were 1.575% and 1.646%, respectively; in 2019, all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of net income were 2.299% and 3.503%, respectively. In 2020, all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of net income were 2.100% and 3.720%, respectively.

2. To implement corporate governance and enhance the function of the Board of Directors, as well as to establish performance targets so as to enhance the operational efficiency of the Board of

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

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

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

3. The remuneration policy for the Board of Directors is governed by Article 28 of the Company's Articles of Incorporation, which specifies that "The Board of Directors is authorized to determine the remuneration of directors in accordance with their involvement and contribution to the Company's operation by taking into account of the Company's performance and the market level." Based on the aforementioned regulation, the Remuneration Committee and the Board formulated Guidelines for Remunerations Payment to Directors and to Functional Committee Members (hereafter referred to as the Guidelines). The said Guidelines stipulate that the scope of director remuneration includes compensation for directors, fixed monthly salary, and attendance fees, to be distributed as regulated by the Guidelines. In compliance with Articles 33 of the Company's Article of Incorporation, which specifies that "The Company shall set aside no more than 1% of its profit for directors' remuneration." The percentage of directors' compensation and total amount shall be submitted to the Remuneration Committee and the Board for approval prior to the annual shareholders' meeting. The percentage of total remuneration received by individual directors will be determined after the shareholders' meeting based on the distributive weightings set by the Guidelines. Upon the approval of the Remuneration Committee and the Board, the remuneration will then be given. The independent directors of the Company are remunerated on a fixed-rate basis and do not participate in the annual distribution of directors' remuneration as provided in the Articles of Incorporation. Remuneration for Company directors is allocated with reference to the going rate of the financial holding company industry and takes into account each director's degree of participation in and contribution to the operation of the Company, the nature of his or her duties, future risks and other factors, as well as the results of a comprehensive assessment of the directors' individual performance.
4. Remuneration of a managerial officer or employee is determined by the individual's job function and work experience, with due consideration of the Company's financial performance, wage growth across the job market, price fluctuations, prospective risks, and other internal/external factors. Ultimately, it is the Company's goal to present remuneration packages relevant with job performance and competitive to talent recruiting.

3.4 Status of Corporate Governance

3.4.1 Operations of the Board

In 2020, the Board held 19 meetings; the attendance details are as follows:

December 31, 2020

Position	Name		Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Note
Chairperson	Kai Don Investment Co., Ltd. Representative: Chia-Juch Chang		19	0	100%	
Director	Kai Don Investment Co., Ltd.	Representative:	2	0	100%	Alan Wang
Director		Representative: Yu-Ling Kuo	15	14	93%	Appointed as Director on April 10, 2020 and retired on January 1, 2021
Director	Jin Hui Investment Co., Ltd. Representative: Shan-Rong Yu		19	1	95%	
Director	Jin Hui Investment Co., Ltd.	Representative: Jen-Hai Wang	14	0	100%	Replaced by Stefano Paolo Bertamini on November 20, 2020
Director		Representative: Stefano Paolo Bertamini	5	0	100%	Replaced by Stefano Paolo Bertamini on November 20, 2020
Director	GPPC Chemical Corp. Ltd. Representative: Lionel de Saint Exupéry		19	2	89%	
Director (Natural Person)	Paul Yang		19	7	63%	
Independent Director	Hsiou-Wei Lin		19	0	100%	
Independent Director	Tyzz-Jiun Duh		19	0	100%	
Independent Director	Tyzz-Jiun Duh		19	0	100%	

Note 1: The actual attendance rate of individual directors is based on the number of meetings attended divided by the number of meetings held during the service period of the director.

Note 2: All three independent directors personally attended each Board meeting during 2020. Attendance of independent directors in 2020:

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

Term Independent Director	7 / 11	7 / 12	7 / 13	7 / 14	7 / 15	7 / 16	7 / 17	7 / 18	7 / 19	7 / 20	7 / 21	7 / 22	7 / 23	7 / 24	7 / 25	7 / 26	7 / 27	7 / 28	7 / 29
Hsiou-Wei Lin	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Tyzz-Jiun Duh	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Tyzz-Jiun Duh	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O

Other matters to be recorded:

- The operation of the Board shall, under any of the following circumstances, clearly state the meeting date, term, contents of proposal and resolutions thereof, opinions of all independent directors and the Company's handling of the said opinions:

- (1) For resolution(s) passed pursuant to Article 14-3 of the Securities and Exchange Act or, the minutes concerned:

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

- (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing:

None

- Recusal of directors from voting due to conflicts of interests:

As of December 31, 2020

Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
2020.01.16 7th term, 11th meeting	Alan Wang	To apply for the extension of the deadline for reinvestment in China Life	Chairperson of China Life	Recused from discussion and voting
	Chia-Juch Chang	To evaluate the performance of the Chairperson of China Life (Chia-Juch Chang), who concurrently serves as Chairperson of CDIB Capital Group	Chairperson of CDIB Capital Group	Recused from discussion and voting
	Chia-Juch Chang	To discuss the performance bonus of the Chairperson (Chia-Juch Chang)	Recipient of performance bonus	Recused from discussion and voting
	Jeff Wang Shun-Jung Yu	To discuss the work allowance for the dedicated supervisor of the Strategy Committee	Recipients of work allowance	Recused from discussion and voting
2020.02.24 7th term, 12th meeting	Alan Wang	To report the application to the FSC for the extension of the deadline for reinvestment in China Life	Chairperson of China Life	Recused from discussion and voting

Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
	Alan Wang	To discuss the candidate for the Chairperson of China Life	Chairperson of China Life	Recused from discussion and voting
2020.3.30 7th term, 14th meeting	Jeff Wang Tyzz-Jiun Duh	To adjust the fund positions held by KGI Securities' overseas wholly-owned subsidiaries	Directors or independent directors of KGI Securities	Recused from discussion and voting
	Tyzz-Jiun Duh	To appoint the member of the Risk Management Committee	Candidate for the member of the Risk Management Committee	Recused from discussion and voting
	Jeff Wang Tyzz-Jiun Duh	The Company proposes to issue unsecured corporate bonds.	Directors or independent directors of the underwriter (KGI Securities)	Recused from discussion and voting
	Lionel de Saint-Exupéry Paul Yang Shun-Jung Yu Tyzz-Jiun Duh	CDIB Capital Group proposes to distribute legal reserve to the Company in the form of cash.	Directors or independent directors of CDIB Capital Group	Recused from discussion and voting
2020.4.10 7th term, 15th meeting	Yu-Ling Kuo Shun-Jung Yu	To appoint the member of the 21st term board of China Life	Candidates for the directors of China Life	Recused from discussion and voting
2020.04.27 7th term, 16th meeting	Lionel de Saint-Exupéry Yu-Ling Kuo Shun-Jung Yu Paul Yang	To release the Company's directors from non-compete restrictions	Directors to be released from non-compete restrictions	Directors recused themselves from the discussion and voting on their release from non-compete restrictions.
	Lionel de Saint-Exupéry Shun-Jung Yu Paul Yang Tyzz-Jiun Duh Yu-Ling Kuo	CDIB Capital Group puts up its building for public bid.	Chairperson, directors, or independent directors of CDIB Capital Group or members of the reserve price setting team	Recused from discussion and voting
	Lionel de Saint-Exupéry Shun-Jung Yu Paul Yang Tyzz-Jiun Duh Yu-Ling Kuo	The Company proposes to lease the headquarters building from China Life.	Chairperson, directors, or independent directors of China Life	Recused from discussion and voting
	Lionel de Saint-Exupéry Shun-Jung Yu Paul Yang Tyzz-Jiun Duh Yu-Ling Kuo	To discuss the renovation of the headquarters building and the purchase of office furniture, IT equipment, and other equipment	Chairperson, directors, or independent directors of China Life and the association concerned	Recused from discussion and voting
	Jeff Wang Tyzz-Jiun Duh	Global Securities Finance Corporation, KGI Securities' subsidiary, puts up its building and land for public bid.	Directors or independent directors of KGI Securities	Recused from discussion and voting
2020.05.25 7th term, 17th meeting	Yu-Ling Kuo	To discuss the candidates for CFO and Head of Finance Dept. and acting head of the Operations and Corporate Services Dept.	Candidate for the acting head of the Operations and Corporate Services Dept.	Recused from discussion and voting
2020.06.29 7th term, 19th	Jeff Wang Tyzz-Jiun Duh	To discuss the closure of KGI Investments	Directors or independent directors of KGI Securities	Recused from discussion and voting

Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
meeting		Advisory (Shanghai), KGI Securities' wholly-owned subsidiary		
	Chia-Juch Chang Lionel de Saint-Exupéry Paul Yang Yu-Ling Kuo Shun-Jung Yu Jeff Wang	To discuss the distribution of 2019 remuneration for directors	Newly appointed and former representatives of corporate directors to whom 2019 remuneration for directors is distributed	Directors recuse themselves from the discussion and voting on 2019 remuneration for corporate directors
2020.07.27 7th term, 20th meeting	Yu-Ling Kuo Shun-Jung Yu	To schedule and handle the Company's investment in China Life	Chairperson or directors of China Life	Recused from discussion and voting
2020.08.24 7th term, 21st meeting	Lionel de Saint-Exupéry Paul Yang Tyzz-Jiun Duh Yu-Ling Kuo Shun-Jung Yu Jeff Wang Tyzz-Jiun Duh	The Company, along with CDIB Capital Group, KGI Bank, KGI Securities, and China Life, proposes to cooperate with Brother Recreational Co., Ltd. to market the season in the second half of 2020.	Chairperson, directors, or independent directors of China Life	Recused from discussion and voting
2020.09.28 7th term, 23rd meeting	Jeff Wang Tyzz-Jiun Duh	The Company proposes to issue unsecured corporate bonds.	Directors or independent directors of the lead underwriter, KGI Securities	Recused from discussion and voting
2020.11.23 7th term, 25th meeting	Lionel de Saint-Exupéry Paul Yang Shun-Jung Yu Tyzz-Jiun Duh	CDIB Capital Management, CDIB Capital Group's subsidiary, proposes to reduce capital by returning cash to CDIB Capital Group.	Directors or independent directors of CDIB Capital Group	Recused from discussion and voting
	Lionel de Saint-Exupéry Paul Yang Shun-Jung Yu Tyzz-Jiun Duh	CDIB Capital Group proposes to distribute legal reserve to the Company in the form of cash.	Directors or independent directors of CDIB Capital Group	Recused from discussion and voting
	Tyzz-Jiun Duh	To convert inter-company transactions payable between KGI Securities' overseas wholly-owned subsidiaries to capital	Independent director of KGI Securities	Recused from discussion and voting
	Lionel de Saint-Exupéry Paul Yang Shun-Jung Yu Tyzz-Jiun Duh Yu-Ling Kuo	To adjust the term of lease on the headquarters building from China Life	Chairperson, directors, or independent directors of China Life	Recused from discussion and voting
	Lionel de Saint-Exupéry Paul Yang Shun-Jung Yu Tyzz-Jiun Duh Yu-Ling Kuo	To approve the public tender plan and documentation for the sale of CDIB Capital Group's building and authority to set the reserve price	Chairperson, directors, or independent directors of China Life	Recused from discussion and voting
	Stefano Paolo Bertamini	To appoint members of the Risk Management Committee, CSR Committee, and Strategy	Candidates for the member of the Risk Management Committee, CSR Committee, and Strategy	Recused from discussion and voting

Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
		Committee	Committee	
	Stefano Paolo Bertamini	To approve the release of the Company's Chairperson from non-compete restrictions	Directors to be released from non-compete restrictions	Recused from discussion and voting
2020.11.27 7th term, 26th meeting	Shun-Jung Yu Stefano Paolo Bertamini Lionel de Saint-Exupéry	To increase the equity interest in China Life by acquiring 1,000,000,000 shares of China Life through a public tender offer	(1) Shun-Jung Yu is a director of China Life. (2) Stefano Paolo Bertamini, the representative of Jin Hui Investment Co., Ltd., was recused as Shin Wen Investment Co., Ltd., the parent company of Jin Hui Investment Co., Ltd. holds shares of China Life. (3) Lionel de Saint-Exupéry, the representative of GPPC Chemical Corp., was recused as the affiliate of GPPC Chemical Corp. holds shares of China Life.	Recused from discussion and voting
	Tyzz-Jiun Duh	KGI Securities proposes to reduce capital by returning cash to the Company.	Independent director of KGI Securities	Recused from discussion and voting
2020.12.28 7th term, 28th meeting	Stefano Paolo Bertamini	To appoint the director of China Life	Candidate for the director of China Life	Recused from discussion and voting
	Hsiou-Wei Lin	To appoint the members of the Strategy Committee	Candidates for members of the Strategy Committee	Recused from discussion and voting
	Lionel de Saint-Exupéry Shun-Jung Yu Paul Yang Tyzz-Jiun Duh Yu-Ling Kuo	To discuss the renovation of the headquarters building and the purchase of office furniture, IT equipment, and other equipment, and to adjust the 2021 budget for capital expenditures	Chairperson, independent directors or directors of China Life and the association concerned	Recused from discussion and voting (Lionel de Saint-Exupéry did not vote on behalf of Paul Yang)
	Stefano Paolo Bertamini Yu-Ling Kuo Lionel de Saint-Exupéry	To discuss the 2021 audit plan	Manager or supervisor of the audited company	Recused from discussion and voting
2020.12.30 7th term, 29th meeting	Yu-Ling Kuo Shun-Jung Yu Stefano Paolo Bertamini Lionel de Saint-Exupéry	To report the Company's application for the acquisition of 1,000,000,000 shares of China Life through a public tender offer to be submitted to the Insurance Bureau, FSC	(1) Directors Yu-Ling Kuo and Shun-Jung Yu are the Chairpersons or directors of China Life. (2) Stefano Paolo Bertamini, the representative of Jin Hui Investment Co., Ltd., was recused as Shin Wen Investment Co., Ltd., the parent company of Jin Hui Investment Co., Ltd.	Recused from discussion and voting (Shun-Jung Yu did not vote on behalf of Lionel de Saint-Exupéry)

Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
			holds shares of China Life. (3) Lionel de Saint-Exupéry, the representative of GPPC Chemical Corp., was recused as the affiliate of GPPC Chemical Corp. holds shares of China Life.	

3. Execution of the Board's evaluation:

(1) Internal evaluation of the Board's performance

Frequency	The Board shall conduct at least one internal performance evaluation every year.																							
Period	January 1, 2020 - December 31, 2020																							
Scope	The Board as a whole, individual Board members, and functional committees																							
Method	Self-evaluation by the Board, individual Board members, and functional committees																							
Content	The results of the internal Board performance evaluation for 2020 have been presented and documented in the 31st meeting of the 7th term Board on January 28, 2021. 1. Self-evaluation by the Board: The Board’s performance evaluation had 42 parameters across 6 categories. The evaluation showed that it scored "Excellent (5)" on 28 parameters and "Good (4)" on 14, reflecting good performance by the Board of Directors in guiding and supervising business strategies, major business activities, and risk management, as well as for establishing an appropriate internal control system, and actively participating in environmental, social, and corporate governance (ESG) initiatives. The overall operation of the Board was considered excellent and was in line with corporate governance practices. <table><tr><th>Six Dimensions of Self-Evaluation</th><th>Number of Evaluation Parameters</th><th>Score</th></tr><tr><td>A. Participation in the Company’s operations</td><td>11</td><td>4.95</td></tr><tr><td>B. Improvements in the quality of Board decisions</td><td>11</td><td>4.97</td></tr><tr><td>C. Constitution and structure of the Board</td><td>6</td><td>4.96</td></tr><tr><td>D. Selection of Board members and continued education</td><td>5</td><td>4.87</td></tr><tr><td>E. Internal control</td><td>7</td><td>5.00</td></tr><tr><td>F. Engagement in ESG</td><td>2</td><td>4.94</td></tr></table> 2. Self-evaluation by Board members: The performance of the Board members was evaluated on 25 parameters across 6 categories. Board Member performance was evaluated as "Excellent (5)" on 17 parameters and "Good (4)" on 4, showing that all directors had a positive effect on			Six Dimensions of Self-Evaluation	Number of Evaluation Parameters	Score	A. Participation in the Company’s operations	11	4.95	B. Improvements in the quality of Board decisions	11	4.97	C. Constitution and structure of the Board	6	4.96	D. Selection of Board members and continued education	5	4.87	E. Internal control	7	5.00	F. Engagement in ESG	2	4.94
Six Dimensions of Self-Evaluation	Number of Evaluation Parameters	Score																						
A. Participation in the Company’s operations	11	4.95																						
B. Improvements in the quality of Board decisions	11	4.97																						
C. Constitution and structure of the Board	6	4.96																						
D. Selection of Board members and continued education	5	4.87																						
E. Internal control	7	5.00																						
F. Engagement in ESG	2	4.94																						

efficiency and effectiveness of the Board.

Six Dimensions of Self-Evaluation	Number of Evaluation Parameters	Score
A. Understanding of company objectives and missions	3	5.00
B. Understanding of a director's duties	4	5.00
C. Participation in the Company's operations	8	4.78
D. Internal networking and communication	3	4.93
E. Professionalism as a director and continued education	4	4.94
F. Internal control	3	5.00

3. Self-Evaluation by the Audit Committee:

The performance of the Audit Committee was evaluated on 26 parameters across 5 categories. The Audit Committee performance was evaluated as "Excellent (5)" on 25 parameters and "Good (4)" on 1, reflecting its overall excellence in operation and in line with corporate governance, which resulted in the improved Board operations.

Five Dimensions of Self-evaluation	Number of Evaluation Parameters	Score
A. Participation in the Company's operations	5	5.00
B. Understanding of the committee member's duties	5	4.93
C. Improvements in the committee's decisions	7	5.00
D. Selection and constitution of the committee members	4	5.00
E. Internal control	5	5.00

4. Self-Evaluation by the Remuneration Committee:

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

Five Dimensions of Self-evaluation	Number of Evaluation Parameters	Score
A. Participation in the Company's operations	5	5.00
B. Understanding of the committee member's duties	5	4.93
C. Improvements in the committee's decisions	7	5.00
D. Selection and constitution of the committee members	4	5.00
E. Internal control	3	5.00

(2) External evaluation of the Board's performance

Frequency	The Company shall engage an independent professional organization, either an independent institute or a team of scholars and experts, to perform at least one external Board performance evaluation every three years.
Period	January 1, 2019 - December 31, 2019
Scope	Board of Directors
Method	External performance evaluation by an independent professional organization or a team of experts and scholars, or other applicable methods
Content	The Company engaged Ernst & Young (EY) Advisory to perform an external evaluation of the Board performance in December 2019. The following result of the evaluation was reported in the 16th meeting of the 7th term of the Board on April 27, 2020: 1. Category: "Structure," "people," and "process and information" of the Board. 2. Content: The Board structure and process, Board members, corporate organization, roles and responsibilities, behavior and culture, director training and development, supervision of risk control, and supervision of reporting, disclosure, and performance. 3. Method: Interviews with individual Board directors, self-evaluation questionnaires, and document review. 4. Criteria: Basic (complying with the basic requirements of the competent authority and relevant regulations), advanced (complying with the basic requirements of the competent authority and relevant regulations and having a set of defined and effective practices or proactive improvements in the performance in an aspect), and benchmark (not only performing beyond the basic requirements of the competent authority, and relevant regulations, but also setting an example equivalent to the benchmarking model). 5. Result: Based on the comprehensive evaluation, the performance of the Board of Directors in "structure," "people," and "process and information" was advanced. 6. In EY's opinion, the Board of Directors of the Company has a healthy and sound interaction, which is one of the fundamental elements of a high performance. Based on this foundation, EY expects that Board members' observations, practices, risk management, and performance supervision can help the Company and the Board of Directors continuously improve and become an industry model in terms of corporate governance and performance. The Company will refer to EY's recommendations and take action to strengthen the functionality of the Board accordingly.

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

- ☐ The Company has complied with the "Regulations Governing Procedures for the Board of Director Meetings of Public Companies" by drafting internal regulations governing procedures for Board meetings and has disclosed the attendance data of directors on the Market Observation Post System. To strengthen the functionality of the Board, improve the quality of corporate governance, and fulfill its corporate social responsibility, the Company has set up an Audit Committee, Remuneration Committee, and CSR Committee; furthermore, based on a resolution of the 3rd meeting of the 7th Board on June 24, 2019, the Risk Management Committee was elevated to a Board-level committee. Later, at the 6th meeting of the 7th Board on October 1, 2019, the establishment of the Ethical Corporate Management Committee was approved, followed by the establishment of the Strategy

Committee at the 10th meeting of the 7th Board on December 30, 2019.

- ❑ The Board approved amendments to Corporate Governance Best Practice Principles at the 8th meeting of the 7th Board of Directors on November 25, 2019. In order to enhance the diversity of the Board and achieve alignment with mainstream global development, said Principles were revised to specify that background conditions (including sex, age, nationality, culture and ethnicity) and professional knowledge and skills (e.g., professional background, expertise and industry experience) should both be taken into consideration in regard to the selection and appointment of Board members.
- ❑ For effective corporate governance and Board functionality, the Company, at the 10th meeting of the 6th Board of Directors held on November 21, 2016, devised Principles for the Performance Evaluation of the Board of Directors. To further strengthen the independence and effectiveness of Board performance evaluations, the 29th meeting of the 6th Board of Directors held on January 30, 2018 and the 7th meeting of the 7th Board of Directors held on October 28, 2019, amended these Guidelines, bringing in the external evaluation of the Board's performance. The Company is also following the Sample Template of Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd. of the Taiwan Stock Exchange Corporation to expand the Board's evaluation to the Audit and Remuneration Committees and to modify the self-evaluation questionnaire from "Yes/No" to a five-point scale.

3.4.2 Operations of Audit Committee

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

There were total 13 meetings convened in 2020. In accordance with the functions and duties as stipulated in Article 6 of the Company's Audit Committee Charter, the major resolutions under consideration are as follows:

- (1) 2019 statement of internal control system and 2021 auditing plan
- (2) Release of directors from non-compete restrictions
- (3) 2019 business report, financial statements, consolidated financial statements, and earnings distribution proposal, as well as the Audit Committee's review report, where no discrepancies were found
- (4) 2019 and 2Q20 consolidated financial statements and 2021 budget
- (5) Appointment and remuneration of the CPA for 2020
- (6) Appointment of the Company's CFO and Head of Finance Dept.
- (7) Engagement of an independent expert for the evaluation of the Company's investment in China Life
- (8) Application to FSC for a deadline extension for reinvestment in China Life, schedule and handling of investment in China Life, and increase in the equity interest in China Life by acquiring 1,000,000,000 shares of China Life through a public tender offer
- (9) Adjustment of the term of lease on the headquarters building from China Life, renovation of the headquarters building and the purchase of office furniture, IT equipment, and other equipment, and adjustment of the 2021 budget for capital expenditures
- (10) Amendments to major internal regulations, including: Audit Committee Charter, Ethical Corporate Management Best Practice Principles, Guidelines for Related Party Transactions, Compliance Policy, Audit Guidelines, and Guidelines for Division of Powers and Responsibilities
- (11) Audit reports for 2H19 and 1H20
- (12) Compliance reports for 2H19 and 1H20
- (13) Comparison table of internal control performance scores of each department for 2020 and 2019; comparison table of internal audit performance scores of each subsidiary for 2020
- (14) Results of compliance evaluation for each department and subsidiary for 2020
- (15) Results of Audit Committee performance evaluation for 2019

2. Operations in 2020

A total of 13 Audit Committee meetings (A) were held in 2020. The attendance of independent directors is as follows:

December 31, 2020					
Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Note
Independent Director	Hsiou-Wei Lin	13	0	100%	
Independent Director	Tyzz-Jiun Duh	13	0	100%	
Independent Director	Hsing-Cheng Tai	13	0	100%	

Other matters to be recorded:

- The operations of the Audit Committee shall, if any of the following circumstances, clearly state the meeting date, term, contents of proposal and resolution thereof, opinions of all independent directors and the Company's handling of the said opinions:

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

December 31, 2020			
Board Date/Session	Agenda	Audit Committee Resolution	The Company's Response
2020.01.16 7th term, 11th meeting	Proposal to apply to FSC for a deadline extension for reinvestment in China Life	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to conflicts of interests
2020.02.24 7th term, 12th meeting	Application to FSC for the deadline extension for reinvestment in China Life	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to conflicts of interests
2020.03.30 7th term, 14th meeting	Consolidated financial statements for 2019	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
	Appointment and compensation of CPAs for 2020	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
	2019 statement of internal control system	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
2020.04.10 7th term, 15th meeting	2019 business report, financial statements, and consolidated financial statements	Passed by the unanimous decision of the committee members present and reported to the Board for	Passed by the unanimous decision of the committee members present and reported to the 2020

Board Date/Session	Agenda	Audit Committee Resolution	The Company's Response
		approval	shareholders' meeting for adoption
	Proposal for distribution of 2019 earnings	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the committee members present and reported to the 2020 shareholders' meeting for adoption
2020.04.27 7th term, 16th meeting	The Company's proposal to lease the headquarters building from China Life	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to conflicts of interests
	Renovation of China Life's headquarters building and purchase of office furniture, IT equipment, and other equipment	Passed by the directors present except for those recused due to concurrently serving as independent directors of the purchasing company, and reported to the Board for approval	Passed by the directors present except for those recused due to concurrently serving as directors of the purchasing company and its associations
	Release of the Company's directors from non-compete restrictions	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused from the discussion and voting due to being the subject of such release, and reported to the 2020 shareholders' meeting for adoption
2020.05.25 7th term, 17th meeting	Appointment of the Company's CFO and Head of Finance Dept.	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for Yu-Ling Kuo, who recused herself from the discussion and voting on the candidates for the head of Finance Dept. and acting head of the Operations and Corporate Services Dept. due to being the candidate for the acting head of the Operations and Corporate Services Dept.
2020.07.27 7th term, 20th meeting	Schedule and handling of the Company's investment in China Life	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to conflicts of interests
2020.08.24 7th term, 21st meeting	Consolidated financial statements for the second quarter of 2020	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
2020.11.23 7th term, 25th meeting	Amendment to the Audit Guidelines	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present

Board Date/Session	Agenda	Audit Committee Resolution	The Company's Response
	Adjustment of the lease term on the headquarters building from China Life	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to conflicts of interests
	Amendment to the Guidelines for Division of Powers and Responsibilities	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
2020.11.27 7th term, 26th meeting	Increase in the equity interest in China Life by acquiring 1,000,000,000 shares of China Life through a public tender offer	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to a conflict of interest (Lionel de Saint-Exupéry did not vote on behalf of Paul Yang)
2020.12.28 7th term, 28th meeting	Renovation of China Life's headquarters building and purchase of office furniture, IT equipment, and other equipment, as well as adjustment of the 2021 budget for capital expenditures	Passed by the directors present except for those recused due to concurrently serving as independent directors of the purchasing company, and reported to the Board for approval	Passed by the directors present except for those recused due to concurrently serving as directors of the purchasing company and its associations (Lionel de Saint-Exupéry did not vote on behalf of Paul Yang)
	2021 budget, projected statement of comprehensive income, and projected balance sheet	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the unanimous decision of the directors present
	2021 audit plan	Passed by the unanimous decision of the committee members present and reported to the Board for approval	Passed by the directors present except for those recused due to concurrently serving as managers of the audited company (Lionel de Saint-Exupéry did not vote on behalf of Paul Yang)

(2) Resolutions not passed by the Audit Committee but received consent of at least two thirds of the Board of Directors

None

2. Cases where an independent director recused himself/ herself due to a conflict of interest:

Date/ term	Name of independent director	Agenda	Reason	Voting
2020.04.27 4th term, 13th meeting	Tyzz-Jiun Duh	Renovation of China Life's headquarters building and purchase of office furniture, IT equipment, and other equipment	Independent director Tyzz-Jiun Duh is an independent director of CDIB Capital, the concurrently purchasing company	Independent director Tyzz-Jiun Duh recused himself from discussion and voting

Date/ term	Name of independent director	Agenda	Reason	Voting
2020.12.28 4th term, 21st meeting	Tyzz-Jiun Duh	Renovation of China Life's headquarters building and purchase of office furniture, IT equipment, and other equipment, as well as adjustment of the 2021 budget for capital expenditures	Independent director Tyzz-Jiun Duh is an independent director of CDIB Capital, the concurrently purchasing company	Independent director Tyzz-Jiun Duh recused himself from discussion and voting

3. Communication between independent directors and internal auditing officers as well as CPAs:

(1) Communication between independent directors and internal auditing officers

A. Policy on communication between independent directors and internal auditing officers

- ☐ The internal auditing officers and auditors, as well as independent directors shall hold a forum at least once a year to review the Company's internal control system, and shall take the minutes of the meeting; additional forums may be held whenever necessary. Such minutes shall be submitted to the Audit Committee and the Board of Directors for review.
- ☐ The Audit Committee consists of all independent directors. Internal audit reports shall be submitted to the Audit Committee for review within the given time limit. The internal auditing officers are also responsible for reporting to the Audit Committee on the execution of audit work once every six months, at least. The execution of audit work carried out by the Company and subsidiaries and results thereof have been fully communicated.

B. Summary of communication between independent directors and internal audit supervisors and CPA:

Date	Method	Matters	Results
2020.01.16	Audit Committee	Highlights of the inspection report on Stakeholder Transaction Management by the Financial Examination Bureau, FSC Independent directors' recommendations: The management of stakeholders has been the competent authority's focus these days. We advise that Company management draw up relevant regulations for compliance.	Per independent directors' recommendations, the Internal Audit Department has asked management to draw up relevant regulations for compliance.
2020.01.16	Audit Committee	At approximately 9:35 AM on January 15, 2020, a material contingency (slow system trading in NTD/foreign currency deposits	No objection

Date	Method	Matters	Results
		and NTD loans and time-out of some transactions) took place at KGI Bank.	
2020.02.24	Audit Committee	Improvement report on the inspection of Stakeholder Transaction Management by the Financial Examination Bureau, FSC (Table B)	No objection
2020.03.30	Audit Committee	2H19 Auditing Report	No objection
2020.03.30	Audit Committee	China Life's material contingency reporting of COVID-19	No objection
2020.03.30	Audit Committee	Material contingency reporting and subsequent handling of misconduct by the financial advisor of KGI Bank Independent directors' recommendations: Is the financial advisor willing to repay?	As the case amount is insignificant, KGI Bank has made an advance payment on behalf of the financial advisor and will request reimbursement from the financial advisor. The financial advisor is willing to repay the amount in installments but has not repaid yet.
2020.03.30	Audit Committee	2019 Statement of Internal Control System	No objection
2020.09.28	Audit Committee	1H20 Auditing Report	No objection
2020.11.23	Audit Committee	2020 Department-Based Internal Control Scoring of CDF vs. 2019	No objection
2020.11.23	Audit Committee	2020 Internal Audit Scoring of Subsidiaries	No objection
2020.11.23	Audit Committee	Amendment to the Audit Guidelines and the comparison table before and after amendment	No objection
2020.11.23	Seminars	Review of internal control system deficiencies in 2020 Independent directors' recommendations: We advise that KGI Bank set up a rotation system for financial advisors	KGI Bank set up the rotation system for financial advisors on July 1, 2020.
2020.12.28	Audit Committee	Minutes of Forum on Internal Control System Deficiencies	No objection
2020.12.28	Audit Committee	2021 Auditing Plan	No objection

(2) Communication between independent directors and CPAs

A. Policy on communication between independent directors and CPAs

The Audit Committee consists of all independent directors. The CPAs attend the Audit Committee meetings at least twice every year to communicate and discuss with the independent directors on matters such as the scope and manner of the audit of financial statements, audit opinions, key audit matters, current major IFRSs, and the effect of amendments to relevant laws and regulations, so as to keep the independent directors updated with the Company's financial status.

B. Summary of communication between independent directors and CPAs

Date	Method	Matters	Results
2020.03.30	Audit Committee	1. Audit of consolidated financial statements for 2019 2. Audit opinions on the consolidated financial statements for 2019, including key audit matters and other matters in relation to the basis of legal reserve provision, and key audit matters for QH20	No objection
2020.08.24	Audit Committee	1. Audit of consolidated financial statements for the second quarter of 2020 2. Audit opinions on the consolidated financial statements for the second quarter of 2020, including key audit matters and other matters in relation to the competent authority's review plan for the Company's ability to prepare financial statements and the amendment to Article 14 of the Securities and Exchange Act, and key audit matters for 2020	No objection

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

On the Company's website, the "Corporate Governance" section discloses information related to the operations of corporate governance of the Company.

(<https://www.cdibh.com/en/CSR/Governance/CorporateGovernanceOperation>).

3.4.4 Corporate Governance Implementation Status

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
1. Shareholding structure and shareholder rights (1) Does the Company have established internal operating procedures to handle shareholders' recommendations, questions, disputes and litigation, and implement them in accordance with the procedures? (2) Does the Company possess a list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company have establish risk control processes and a firewall system between the Company and its affiliates? Does the Company implement these processes?	V		(1) The Company has designated appropriate personnel to handle shareholders' recommendations, questions, disputes, and litigation. (2) The Secretariat Board of Directors is responsible for collecting updated information of major shareholders and the list of ultimate owners of those shares on a monthly basis and disclosing such information in the annual report. (3) A. The Company's finances and operations are independent from its affiliates. B. The Company has an independent risk management unit responsible for supervising and implementing risk management measures. In addition, the risk control mechanism and firewall system between the Company and its subsidiaries has been established in accordance with the Company's Risk Management Policy and Regulations Governing Operations Related to Financial Transactions with Affiliated Companies and Stakeholders. C. The Company engages in related party transactions other than credit extensions in accordance with Articles 44 and 45 of the Financial Holding Company Act, and has established the Guidelines for Related Party Transactions and the Guidelines for Related Party Transactions Other than Credit Extensions under Article 45 of the Financial Holding Company Act for compliance.	No deviation
2. Composition and responsibilities of Board (1) In addition to the Remuneration Committee and the Audit Committee, does the Company voluntarily establish other functional committees? (2) Does the Company have an established board performance evaluation directive and detailed evaluation methods, conduct performance evaluations annually and periodically, and report	V	V	(1) The Company has a CSR Committee, Risk Management Committee, Ethical Corporate Management Committee, and Strategy Committee in addition to a Remuneration Committee and Audit Committee. (2) In order to implement corporate governance and enhance the functions of the Company's Board of Directors and establish key performance indicators (KPIs) to enhance the efficiency of the Board's operations, the Board of Directors of	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
the results of the performance evaluations to the Board of Directors in order to apply them to individual directors' salary compensation and nomination for reappointment? (3) Does the FHC periodically evaluate the independence of the certified public accountants (CPA) that audit its financial statements?	V		the Company has passed the Board Performance Evaluation Criteria stipulation, which requires that the Board of Directors of the Company shall perform an internal performance evaluation of the Board of Directors at least once a year, which includes the evaluation of the performance of the Board as a whole, individual Board members, and functional committees, and that the external performance evaluation of the Board of Directors shall be performed by an external professional independent organization or external expert scholar at least once every three years beginning in 2018. In addition to being reported to the Board of Directors, the results of the evaluation shall also be disclosed on the company website and in annual reports and will be used as reference for the selection of directors or the nomination of independent directors, and the directors' remuneration will be linked to the results of the directors' personal performance evaluations. (3) Prior the approval of the appointment of CPAs, the Board will review the independence of said CPAs and request the CPAs submit a declaration of independence. The Board will make sure that the appointed CPAs are not interested parties of the Company and that the CPAs do not have any financial interest or business relationships except the auditing fee with the Company. The motion for employment will be subject to a resolution made by the Board. In addition, the rotation of CPAs also operates in accordance with related regulations.	
3. Is the Company staffed with an appropriate number of corporate governance personnel and has it appointed a head of corporate governance to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with information necessary for the execution of business, assisting directors and supervisors in complying with laws and regulations, handling matters related to Board of Directors and shareholders' meetings in accordance with the law, registering companies and changes of	V		(1) The Company's Secretariat Board of Directors is in operation and is staffed with the appropriate number of corporate governance personnel responsible for relevant corporate governance matters, including handling matters related to the Board meetings and shareholders' meetings in accordance with the law, producing minutes of the Board meetings and shareholders meetings, assisting directors in assuming office and receiving continuing education, providing information required by the directors to conduct duties, assisting directors in complying with regulations, and handling other matters stipulated in the Articles of Incorporation or contracts. The Company passed a resolution at the 20th meeting of the 7th term Board on July 27, 2020 to appoint Executive Vice President Vincent Hung as the corporate governance officer, who is qualified as he has handled stock-related affairs for financial institutions and listed	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
ownership, preparing minutes of Board of Directors and shareholders' meetings, etc.)?			companies for more than three years. (2) The implementation of corporate governance in 2020 is summarized as follows: A. According to the Standard Operating Procedures for Handling Directors' Requests, the Company responds appropriately and promptly to requests made by directors and provides directors with the information and support necessary for them to conduct their business. B. The Company has assisted directors in drawing up annual study plans and arranging courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and with reference to the courses planned in the Director Study Map of the Taiwan Stock Exchange. C. In accordance with the Company's Rules of Procedure for Board Meetings and the Audit Committee Charter, the Company prepared information on an agenda before each Board meeting and Audit committee meeting in 2020. The Company has alerted directors/committee members to any conflicts of interests, and have completed the meeting minutes within 20 days after the meeting. D. The Company has completed the renewal of directors' and supervisors' liability insurance for 2020 and completed the announcement and reporting as required. E. According to the Company's Board Performance Evaluation Criteria, the Company completed the internal evaluation of the Board performance for 2019, with the results of the evaluation reported in the 11th meeting of the 7th term Board of Directors on January 16, 2020. In addition, the Company engaged Ernst & Young (EY) Advisory to perform an external evaluation of the Board performance in December 2019. The results of the evaluation were reported in the 16th meeting of the 7th term Board of Directors on April 27, 2020. F. The pre-registration of shareholders' meeting dates, the preparation of meeting notices, handbooks, and minutes, and the execution of shareholder-related operations (e.g., purchase and distribution of shareholders' souvenirs) have been completed within the statutory time limit. G. Amendments to the Articles of Incorporation, changes in managers, and changes in capital due to exercise of employee stock options and issuance of new shares of employee rights have been registered. H. Possession of the Company's shares by insiders has been reported.	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale																						
	Yes	No	Summary																							
			I. The Company conducts training on equity rights laws for directors and managers at least once a year. By the end of 2020, training courses on equity declaration, swing trading, insider training, and more were organized for directors, managers, and other insiders. (3) Corporate governance training for the corporate governance officer in 2020: <table border="1"> <thead> <tr> <th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th><th>Annual accumulative hours</th></tr> </thead> <tbody> <tr> <td>09.24</td><td>Taiwan Association of Corporate Governance Professionals</td><td>2020 Seminar on Substantial Beneficiary Regulations</td><td>3.0</td><td rowspan="4">12.0 (18 by the end of July 2021)</td></tr> <tr> <td>10.16</td><td>Taiwan Stock Exchange and Taipei Exchange</td><td>2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Listed Companies</td><td>3.0</td></tr> <tr> <td>10.27</td><td>Taiwan Corporate Governance Association</td><td>Risks and Business Opportunities Arising from Climate Change</td><td>3.0</td></tr> <tr> <td>12.22</td><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Seminar: Business Model Reforms with Emerging Technologies</td><td>3.0</td></tr> </tbody> </table>	Date	Organizer	Course	Hours	Annual accumulative hours	09.24	Taiwan Association of Corporate Governance Professionals	2020 Seminar on Substantial Beneficiary Regulations	3.0	12.0 (18 by the end of July 2021)	10.16	Taiwan Stock Exchange and Taipei Exchange	2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Listed Companies	3.0	10.27	Taiwan Corporate Governance Association	Risks and Business Opportunities Arising from Climate Change	3.0	12.22	Taiwan Academy of Banking and Finance	Corporate Governance Seminar: Business Model Reforms with Emerging Technologies	3.0	
Date	Organizer	Course	Hours	Annual accumulative hours																						
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Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
4. Does the Company have established communication channels with stakeholders (included but not limited to shareholders, employees and clients)?	V		The Company has established the Stakeholder Engagement section on the company website to provide stakeholders including employee, customers, shareholders and investors, institutional investors, government agencies and competent authorities, suppliers, the media, and communities easy communication access to the Company by letter or telephone or via the Internet. The identification of stakeholders, communication issues, communication methods, communication frequency, and communication performance have been compiled in the CSR Committee's 2020 Annual Work Plan Implementation Report, which was submitted to the Company's Board of Directors in March 2021.	No deviation
5. Information disclosure (1) Does the Company have a website to disclose both financial standings and the status of corporate governance? (2) Does the Company employ other methods (e.g., setting up English language websites, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and webcasting investor conferences) to disclose information?	V V		(1) The Company has both Chinese and English websites and appointed dedicated personnel to disclose and update corporate information. (2) The Company has a spokesperson and an acting spokesperson, along with public relations and investor relations departments to ensure that corporate information is announced timely and correctly. In accordance with the relevant regulations governing listed companies, the Company discloses material information and financial data. The Company periodically holds investor conferences and posts related information in Chinese and English on the company website and the MOPS. In response to environmental, social, and governance (ESG) issues that investors have become increasingly concerned about in recent years, the Company has set up a "CSR" section on both Chinese and English company websites to disclose relevant non-financial performances and practices.	No deviation
6. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee well-being, investor relations, rights of stakeholders, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of	V		(1)-(2) For detailed information on employee rights and employee well-being, please refer to 5.8 Labor Relations in V. Operational Highlights. (3) Investor relations The Company maintains proper and appropriate relations with investors through the following measures: A. Holding annual general meetings in accordance with related laws and regulations.	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale						
	Yes	No	Summary							
customer relations policies, purchase of insurance for directors and supervisors, and donations to political parties, stakeholders and non-profit organizations)?			B. Disclosing corporate information on the MOPS. C. Organizing investor conferences on a regular basis. D. Setting up the Investor Relations section on Chinese and English company websites, where investors can view/download quarterly reports and company information E. Setting up the IR Contacts section to facilitate timely communication by phone and email. (4) Stakeholder interests A. On the topic of interaction with vendors, the Company has established Operation Guidelines for Procurement, ensuring a transparent and fair process. The Company also emphasizes fair and green procurement. B. While evaluating local suppliers first, the Company checks whether they are certified by the International Organization for Standardization and excludes those with major records of violating environmental regulations. C. The Company requires that all suppliers be committed to honest behavior and the Company's Directions for Supplier Corporate Social Responsibility appears on the company website. (5) Directors’ training records A. The Company files the Board meeting attendance and directors' training records for the preceding month by the 15th day of each month. B. To strengthen the functionality of the Board of Directors, the Company selects professional topics on which to train the directors based on trends in corporate governance, business needs, and the functions of the directors. <table><tr><th>Date</th><th>Course</th><th>Lecturer</th></tr><tr><td>6.30</td><td>Measures for Information Security of Directors and Supervisors</td><td>Peter Pu from BSI Taiwan Branch</td></tr></table>	Date	Course	Lecturer	6.30	Measures for Information Security of Directors and Supervisors	Peter Pu from BSI Taiwan Branch	
Date	Course	Lecturer								
6.30	Measures for Information Security of Directors and Supervisors	Peter Pu from BSI Taiwan Branch								

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale						
	Yes	No	Summary							
			<table><tr><th>Date</th><th>Course</th><th>Lecturer</th></tr><tr><td>10.27</td><td>Risks and Business Opportunities Arising from Climate Change</td><td>1. Kuo-Yen Wei, Adjunct Professor from the Department of Geosciences, National Taiwan University (former Minister of Environmental Protection Administration) 2. Ching-Pin Tung, Director of the Office of Institutional Research and Social Responsibility and Professor from the Department of Bioenvironmental Systems Engineering, National Taiwan University 3. Dr. Jung-Hsuan Tsao, Co-founder of Formosa Climate Smart Service Limited and Professor from the Department of Bioenvironmental Systems Engineering, National Taiwan University</td></tr></table> The Company regularly provides directors with information on external professional courses or seminars and help them with course registration in order to encourage them to pursue continuing education and expand their professionalism. Each director has completed the annual number of hours of continuing education required by the Essentials of Continuing Education for Directors and Supervisors of Listed Companies. The total number of training hours in 2020 was 93. Please refer to Table 1 for more information.	Date	Course	Lecturer	10.27	Risks and Business Opportunities Arising from Climate Change	1. Kuo-Yen Wei, Adjunct Professor from the Department of Geosciences, National Taiwan University (former Minister of Environmental Protection Administration) 2. Ching-Pin Tung, Director of the Office of Institutional Research and Social Responsibility and Professor from the Department of Bioenvironmental Systems Engineering, National Taiwan University 3. Dr. Jung-Hsuan Tsao, Co-founder of Formosa Climate Smart Service Limited and Professor from the Department of Bioenvironmental Systems Engineering, National Taiwan University	
Date	Course	Lecturer								
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Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
			(6) Implementation of risk management policies and risk evaluation measures A. The Company has instituted the Risk Management Policy and established rules and guidelines to manage market risk, credit risk, and operational risk. B. Market risk: The Company employs sensitivity and value at risk (VaR) analyses, among others, to gauge existing or potential market risk for its trading positions. Stop-loss limits for various positions are established based on daily assessments, in order to appropriately control risk. C. Credit risk: The Company analyzes indicators including probability of default, loss given default, exposure, and credit rating to gauge loss and risk capital, among other risk factors. In addition to controlling the exposure of each individual client by imposing daily credit limits, the Company also monitors and controls credit portfolios on a monthly basis. D. Operational risk: The Company employs three lines of defense to counter operational risk: (1) every business unit undergoes routine operations management on a daily basis; (2) the operational risk management unit monitors and controls risks through Loss Event (LE) reporting, Risk Control Self-Assessment (RCSA) and Key Risk Indicator (KRI); and (3) the internal audit unit conducts audit examinations on a periodic basis. (7) Implementation of customer relations policies The Company has established measures for customer information confidentiality, personal information protection policies, personal data file security and maintenance plans, and methods for personal information processing after the termination of business to ensure the proper use and protection of customers' personal information. The Company fulfills its responsibility of keeping customer information confidential to safeguard customers' privacy and personal information. (8) Purchase of insurance for directors and supervisors The Company has entered into liability insurance contracts with insurance companies, including AIG Taiwan, extending coverage to all directors and supervisors of the Company and its subsidiaries.	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale																																																								
	Yes	No	Summary																																																									
			(9) Donations to political parties, stakeholders, and non-profit organizations A. The Company has drawn Guidelines for Donation Management. Donations made by the Company and its subsidiaries in the previous year are compiled and presented to the Board every year as required. B. The Company and its subsidiaries made 77 donations in 2020, all in line with the purposes of donations, for a total value of NT\$141,010,400. Below is a chart showing the donation values for each individual company: <table><tr><th>Company</th><th>Number of Donations</th><th>Total Amount of Donations (NT\$)</th><th>Percentage of Donations (%)</th></tr><tr><td>CDF</td><td>3</td><td>1,800,000</td><td>1.28</td></tr><tr><td>CDIB Capital Group</td><td>4</td><td>18,127,046</td><td>12.86</td></tr><tr><td>CDIB Capital Management Corporation</td><td>1</td><td>3,703,750</td><td>2.63</td></tr><tr><td>CDIB Capital International Corp.</td><td>1</td><td>2,850,800</td><td>2.02</td></tr><tr><td>China Development Asset Management Corporation</td><td>1</td><td>8,733</td><td>0.01</td></tr><tr><td>KGI Bank</td><td>3</td><td>54,524,995</td><td>38.67</td></tr><tr><td>KGI Securities</td><td>7</td><td>31,573,489</td><td>22.39</td></tr><tr><td>KGI Futures</td><td>1</td><td>1,103,087</td><td>0.78</td></tr><tr><td>KGI Hong Kong Limited</td><td>2</td><td>76,330</td><td>0.05</td></tr><tr><td>KGI Asia Limited Shanghai Representative Office</td><td>1</td><td>12,958</td><td>0.01</td></tr><tr><td>PT KGI Sekuritas Indonesia</td><td>2</td><td>30,502</td><td>0.02</td></tr><tr><td>China Life</td><td>51</td><td>27,198,710</td><td>19.29</td></tr><tr><td>Total</td><td>77</td><td>141,010,400</td><td>100</td></tr></table> C. No donations were made to political parties by the Company and its subsidiaries.	Company	Number of Donations	Total Amount of Donations (NT\$)	Percentage of Donations (%)	CDF	3	1,800,000	1.28	CDIB Capital Group	4	18,127,046	12.86	CDIB Capital Management Corporation	1	3,703,750	2.63	CDIB Capital International Corp.	1	2,850,800	2.02	China Development Asset Management Corporation	1	8,733	0.01	KGI Bank	3	54,524,995	38.67	KGI Securities	7	31,573,489	22.39	KGI Futures	1	1,103,087	0.78	KGI Hong Kong Limited	2	76,330	0.05	KGI Asia Limited Shanghai Representative Office	1	12,958	0.01	PT KGI Sekuritas Indonesia	2	30,502	0.02	China Life	51	27,198,710	19.29	Total	77	141,010,400	100	
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7. Improvements made in the most recent fiscal year in response to the results of the corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:
The Company ranked among the top 20% companies in the 7th Corporate Governance Evaluation in 2020.
The Company amended the Ethical Corporate Management Best Practice Principles in March 2020 by adding a new process for assessing the risks of unethical conduct. Upon approval of the Ethical Corporate Management Committee on November 11, 2020, the said process has gone into effect beginning the first quarter of 2021. The results of risk assessments will be reported to the Ethical Corporate Management Committee and the Board for review, and corresponding prevention programs will be drafted accordingly.
In everyday operations, the Company is committed to delivering fundamental corporate governance values, such as safeguarding shareholders' interests. The Company also keeps itself up to date with emerging governance indicators issued by the authorities and the TWSE to uphold our decent performance as well as advance sustainable corporate developments.
8. Succession planning for the Board of Directors and senior management
 - (1) In regard to the succession planning for the Board of Directors (including the Chairperson and directors), at least one of the Company's directors shall have working experiences in banking, securities or insurance, pursuant to Article 9 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. In addition to recruiting and nominating prominent persons with the aforementioned expertise to serve as outside directors (including independent directors), the Company has been evaluating and nurturing director candidates by conducting performance evaluations of directors appointed to subsidiaries of KGI Bank, KGI Securities, and China Life on an annual basis, and having each subsidiary conduct performance evaluation of senior managers on an annual basis.
 - (2) In regard to the election of successive directors, the adoption of a candidates' nomination is explicitly stipulated in the Articles of Incorporation of the Company. To diversify the Board composition, the Company considers a variety of factors including basic conditions and values (including gender, age, nationality, culture, and race, etc.) and professional knowledge and skills (including professional background, professional skills, and industry experience) as stipulated in the Corporate Governance Best Practice Principles. In addition to the Board's allocation and diversity, the Board independence and directors' environmental, social, governance (ESG) experiences are also taken into consideration. To select suitable board candidates, the Company will search for professional managers with experience in the financial industry or managerial realm, scholars with professional knowledge, and prominent people.
 - (3) The Company organizes training sessions that incorporate the industry's best practice in corporate governance, the Company's business development, and directors' professional capabilities. The session topics encompass finance, risk management, sales, business, accounting, legal affairs, AML/CFT (Anti-Money Laundering and Combating the Financing of Terrorism), corporate social responsibilities, internal control and financial reporting. Meanwhile, the Company encourages its directors to attend training sessions or seminars held by established institutions outside the Company. The Company is dedicated to strengthening the directors' professional capabilities through continuous training.
 - (4) When the management team, including the president, executive vice presidents, senior vice presidents, vice presidents, and department heads, etc., performs necessary actions for overall business operations on behalf of the Company, such actions shall be governed by the Company's regulations.
 - (5) The Company's succession plan for senior management starts with building an internal talent pool. The nurturing process includes deepening and cultivating prospective talent's interdisciplinary professional knowledge, leadership and management skills, as well as their forward-looking vision. The Company applies a 360-degree performance approach to evaluate qualifications. Incorporating annual business goals, medium- to long-term development, and market changes into the Company's cultivation and training for successors, the Company equip successors with thorough and immersive training via cross-function assignments/rotations, project-oriented planning/execution, participation in important meetings, and acting as deputies for key management positions.

- (6) Shall changes occur in the Company's key management, the Company's will screen qualified candidates from the internal talent pool, subject to the Company Act and the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. Candidates' education background, work experience, performance, management capabilities, and important contributions or achievements will be considered during the selection process.
- (7) Should the Company appoint professional managers outside of the Company when no suitable internal candidates are found, it will evaluate their qualifications based on the Company's core values, mandates, and corporate culture. Appointment procedures should be submitted to and approved by the Board.
9. Independence of internal audit
- The Company's internal rules stipulate that the Chairperson is authorized to approve appointment or dismissal, and appraise performance and remuneration of auditors; any appointment or dismissal of the chief internal auditor shall be subject to approval by the Audit Committee and be submitted to the Board of Directors for a resolution. The Company has disclosed the Regulations for the Appointment or Dismissal, Performance Appraisal, and Remuneration of Internal Auditors on the company website.

Table 1

Directors' Training Records in 2020

December 31, 2020

Director	Course	Date	Organizer	Hours
Chia-Juch Chang	Measures for Information Security of Directors and Supervisors	06.30.2020	Computer Audit Association	3
	Corporate Governance 3.0: Roadmap for Sustainable Development Summit	09.21.2020	Taiwan Stock Exchange/Taipei Exchange	3
Yu-Ling Kuo	Introduction to Money Laundering and Financing of Terrorism Risk Assessment Methods for Insurance Companies (1)	09.01.2020	China Life	3
	2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors	10.16.2020	Taiwan Stock Exchange/Taipei Exchange	3
	Risks and Business Opportunities Arising from Climate Change	10.27.2020	Taiwan Corporate Governance Association	3
	A Look at the Highlights of IFRS 17 and Its Impact on Life Insurance Companies	10.29.2020	China Life	3
	Impact of IFRS 17 on Business Strategies of Insurance Companies - How to Improve Stakeholder Engagement	12.15.2020	Taiwan Insurance Institute	3
Lionel de Saint Exupéry	Measures for Information Security of Directors and Supervisors	06.30.2020	Computer Audit Association	3
	2020 Seminar on Corporate Governance and Ethical Corporate Management for Directors and Supervisors	10.16.2020	Taiwan Stock Exchange/Taipei Exchange	3
	Risks and Business Opportunities Arising from Climate Change	10.27.2020	Taiwan Corporate Governance Association	3
Shun-Jung Yu	Operations and Effective Decision-Making of the Board	04.24.2020	Taiwan Corporate Governance Association	3
	Trade Secrets Protection and Non-Compete Restrictions	05.22.2020	Taiwan Corporate Governance Association	3
	Measures for Information Security of Directors and Supervisors	06.30.2020	Computer Audit Association	3
	Introduction to Money Laundering and Financing of Terrorism Risk Assessment Methods for Insurance Companies (1)	09.01.2020	China Life	3
	Principles for Fair Treatment of Customers for Insurance Companies	09.08.2020	China Life	3
	Risks and Business Opportunities Arising from Climate Change	10.27.2020	Taiwan Corporate Governance Association	3
	A Look at the Highlights of IFRS 17 and Its Impact on Life Insurance Companies	10.29.2020	China Life	3
Jeff Wang	Criminal Legal Risks and Countermeasures of Corporate Directors and Supervisors: Starting from the Prevention of Corporate Fraud and Money Laundering Prevention	06.09.2020	Taiwan Corporate Governance Association	3
	10 Compulsory Lessons on Corporate Governance	06.12.2020	Taiwan Corporate Governance Association	3

Director	Course	Date	Organizer	Hours
Hsiou-Wei Lin	Measures for Information Security of Directors and Supervisors	06.30.2020	Computer Audit Association	3
	Corporate Governance 3.0: Roadmap for Sustainable Development Summit	09.21.2020	Taiwan Stock Exchange/Taipei Exchange	3
Hsiou-Wei Lin	How to Strengthen Corporate Governance by Preventing Fraud and Establishing Reporting Mechanism	08.21.2020	Taiwan Corporate Governance Association	3
	Mastering the AI Risk Management Framework to Enhance Trust in AI-Integrated Applications	08.28.2020	Taiwan Corporate Governance Association	3
Tyzz-Jiun Duh	Response Strategies for Corporate Changes	04.28.2020	Taiwan Corporate Governance Association	3
	Strategies and Management of Enterprise Upgrade and Transformation: Choice Between M&A and Alliance	10.13.2020	Securities and Futures Institute	3
	Risks and Business Opportunities Arising from Climate Change	10.27.2020	Taiwan Corporate Governance Association	3
	Corporate Governance and Securities Regulations	11.10.2020	Securities and Futures Institute	3
Tyzz-Jiun Duh	Pros and Cons of Independent Directors	04.29.2020	Taiwan Independent Director Association	3
	Measures for Information Security of Directors and Supervisors	06.30.2020	Computer Audit Association	3
	2020 Seminar on New Vision Insurance	10.23.2020	Accounting Research and Development Foundation	3
	Risks and Business Opportunities Arising from Climate Change	10.27.2020	Taiwan Corporate Governance Association	3

3.4.5 Composition, Responsibilities and Operations of the Remuneration Committee

A. The Composition

Identity (Note 1)	Qualifications	Have more than five years of work experience and the following professional qualifications			Status of Independence (Note 2)										Number of other public companies at which the individual is concurrently serving as a Remuneration Committee member	Note
		A public, private junior college, college, or university instructor or member of the Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Has professional experience in the areas of commerce, law, finance, or accounting, or area otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10		
Convener	Tyzz-Jiun Duh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Committee Member	Hsiou-Wei Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Committee Member	Hsing-Cheng Tai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note1: For Title, please fill in "director," "independent director," or other.

Note 2: Please check "✓" the corresponding boxes if the members meet the following conditions during the two years prior to their nomination and during their terms in office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is, according to the Securities and Exchange Act or laws of the country in which the company in question is based, an independent director of the Company, its parent company, any subsidiary in which the Company holds, or any subsidiary also held by the same parent company).
- (3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a manager in Subparagraph (1) and not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in Subparagraphs (2) and (3).
- (5) Not a shareholder who holds 5% or more the Company's issued stocks, a shareholder who ranks among the top five biggest shareholders, or a director, supervisor, or employee of an institutional investor that is required by Paragraph 1 or 2, Article 27 of the Company Act to appoint a representative to act as the director or supervisor of the Company (not applicable in cases where the person is, according to the Securities and Exchange Act or laws of the country in which the company in question is based, an independent director of the Company, its parent company, any subsidiary in which the Company holds, or any subsidiary also held by the same parent company).
- (6) Not a director, supervisor, or employee of another company where over half of board seats or shares with voting rights are controlled by the same person (not applicable in cases where the person is, according to the Securities and Exchange Act or laws of the country in which the company in question is based, an independent director of the Company, its parent company, any subsidiary in which the Company holds, or any subsidiary also held by the same parent company).
- (7) Not a board director, supervisor, or employee of another company or institution, or the board chairperson or the president or equivalent of these two positions of the Company or his or her spouse (not applicable in cases where the person is, according to the Securities and Exchange Act or laws of the country in which the company in question is based, an independent director of the Company, its parent company, any subsidiary in which the Company holds, or any subsidiary also held by the same parent company).
- (8) Not a director, supervisor, manager, or shareholder with a stake of 5% or higher of a specific company or institution that has financial and business dealings with the Company (not applicable in cases where this specific company or institution holds over 20% but not more than 50% of the issued stock of the Company, and where the person is, according to the Securities and Exchange Act or laws of the country in which the company in question is based, an independent director of the Company, its

- parent company, any subsidiary in which the Company holds, or any subsidiary also held by the same parent company).
- (9) Not a business, legal, fiscal, accounting, or professional offering related or similar service and counsel, or an owner, partner, director, supervisor, or his or her spouse of a wholly-owned, joint-capital company or institution, who has provided the Company or any of its affiliates with auditing services or has in the most recent two years received accumulative compensation of no more than NT\$500,000. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a person under any of the categories stated in Article 30 of the Company Act.

B. Operations of the Remuneration Committee

- (1) The Remuneration Committee consists of 3 members.
- (2) In 2020, a total of 12 meetings were convened, with attendance detailed below.

Name	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Ratio (%)	Note
Convener	Tyzz-Jiun Duh	12	0	100	
Committee Member	Hsiou-Wei Lin	12	0	100	
Committee Member	Hsing-Cheng Tai	12	0	100	
Other matters to be recorded:					
1. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion shall be specified (for example, if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.					
2. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.					

C. The Responsibilities

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

3.4.6 CSR Implementation Status

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the principles of materiality in order to evaluate environmental, social, and governance (ESG) risks related to business operations and establish relevant risk management policies or strategies?	V		The CSR Committee at CDF disseminates questionnaires to stakeholders to identify ESG issues related to business operations and integrate them into the Company's annual sustainability strategies. The Company has established policies and regulatory compliance systems to address issues in various business executions and assessments tasks, including "CSR Best Practice Principles," "Ethical Management Principles," "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best Practice Principles," "Risk Management Policy," and "Cybersecurity Policy."	No deviation
2. Implement corporate governance				
(1) Does the Company formulate CSR policies or systems and evaluate the implementation?	V		(1) The Company adopts business policies that focus on achieving "active participation of public affairs, and balancing economic, social and environmental development; business sustainability through corporate social responsibilities." For more details of the Company's CSR involvements in 2019, please refer to 5.5 Corporate Social Responsibility and Code of Conduct in V. Operational Highlights	No deviation
(2) Does the Company organize CSR training on a regular basis?	V		(2) The Company organizes regular training courses on corporate social responsibilities to promote employees' awareness and knowledge of the relevant regulations.	
(3) Does the Company have a unit that specializes (or is involved) in CSR practices? Does the Board authorize the senior management to operate the unit and required them to report regularly to the Board on its status?	V		(3) The Company has assembled the "Corporate Social Responsibilities Committee" in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies, and assigned six working groups (WGs), namely, Corporate Governance WG, Social Philanthropy WG, Environmental WG, Client Relations WG, Responsible Finance WG, and Employee Well-Being WG, to execute various assignments and report to the Board on a regular basis.	
(4) Does the Company possess a reasonable remuneration policy that associates employees' performance appraisals with	V		(4) The Company has a Remuneration Committee in place to regularly review directors' (including Chairperson and Vice Chairperson) and managers' performance, as well as the policy, system, standards, and structure of the current	

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
CSR? Is the remuneration policy supported by an effective reward/disciplinary system?			remuneration. There are five dimensions of CDF's performance evaluations: core operations, cost effectiveness, legal compliance/risk management, environmental, social and corporate governance (ESG), and leadership/teamwork. Each department has its own specialized benchmarks that fully reflect the efforts and accomplishments of employees. When employees violate the Corporate Social Responsibility Guidelines, responsible departments should immediately report to the Internal Audit Department for audit. If violations are verified, the employees will be disciplined in accordance with the Company's Employee Reward and Discipline Policy.	
3. Environmental issues				No deviation
(1) Does the Company endeavor to utilize all resources more efficiently and use renewable material with a low environmental impact?	V		(1) The Company abides by international environment management systems and is dedicated to increasing the efficiency of various resources. In 2018, the Company adopted the ISO 50001 energy management system and received certification. In 2020, the Company obtained 34 green energy certificates from the National Renewable Energy Certification Center to support the development of renewable energy in Taiwan.	
(2) Does the Company possess proper environment management systems based on the characteristics of the industry?	V		(2) Long dedicated to environmental sustainability, the Company introduced the ISO 14001 environmental management system in 2015, and developed service handbooks that detail environmental policy and office energy conservation issues according to specific characteristics of the financial industry. In 2018, the ISO 14001 certificate was renewed for three years.	
(3) Does the Company assess climate-related risks and opportunities and take measures for relevant climate issues?	V		(3) CDF assesses the impact of climate risk on business operations and asset portfolios, identifies potential opportunities, and develops response strategies. It requires scenario analysis, using different impact evaluation models to identify the potential direct impacts of climate change on their physical assets and take mitigating action, such as reducing the overall credit exposure in a high-risk region through adjusting guarantee percentages or shortening the loan term to ensure long-term sustainability.	
(4) Has the Company collected data for greenhouse gas emissions, water usage	V		(4) In pursuit of the Paris Climate Accord's vision of a low carbon planet and to comply with international environmental management systems, the Company	

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
and waste quantity in the past two years, and set policies for energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management?			has been tracking its GHG emissions, water consumption, and waste quantity data over the last three years and releases that data in its CSR Report, which serves as a foundation for advancing the management of emission reduction and energy saving disclosures. The Company's energy conservation and carbon reduction strategies are part of its CSR commitment and include the following medium- and long-term targets: a 3% reduction of GHG emissions, a 3% reduction of electricity consumption, and a 2% reduction of water consumption, as well as expanding coverage of waste inventory to at least 75% by 2021 (base year 2016).	
4. Social issues				No deviation
(1) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?	V		(1) CDF recognizes and strives to comply with the principles declared in international human rights bills. The CDF Human Rights Commitment applies to not only the parent company but also to all subsidiaries. Human rights protection measures include an ongoing advocacy for gender equality, sexual harassment prevention, personal data protection, workplace safety, etc. The full version of the CDF Human Rights Commitment is available at: https://www.cdibh.com/ch/CSR/Governance/CorporateGovernanceRegulations .	
(2) Does the Company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave, and other benefits)?	V		(2) CDF attaches great importance to employee benefits and provides employees with a comprehensive welfare program, including competitive compensation, more paid leave than legally required, health examinations, and group insurance. The Company determines employees' compensation and cash bonus based on operating results and individual performance objectives to align employees' interests with those of CDF.	
(3) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		(3) The Company ensure employees' safety and health in the work environment through the following measures: A.To create a hazard-free working environment, CDF has built, as requested by law, a team of labor safety and health personnel who organize regular training sessions on workplace safety and conduct fire safety drills to keep employees up to date on the latest safety practices. CDF also conducts office lighting inspections, measurements of CO2 levels, and drinking water turbidity, pH level	

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
(4) Does the Company establish effective career development and training plans for its employees?	V		measurements, E. Coli testing, as well as the regular cleaning of water storage tanks and air-conditioning cooling towers, serviced by professional providers, in order to create a healthy work environment for employees. B. CDF provides group insurance coverage and health examinations for employees. In addition, all main subsidiaries engage professional nurses and contractual physicians to educate employees on topics such as wellness and the prevention of occupational hazards, and disseminate health-related information and organize health seminars. All major subsidiaries have been certified by the government as healthy workplaces. C. In accordance to regulations, fire safety equipment maintenance and reporting is verified at each office building. Regular fire safety drills are also organized in order to improve employees' disaster prevention awareness and response capabilities. D. CDF has a strict access control policy, requiring that employees and other operators enter and exit each work area according to rules and regulations. All headquarters are equipped with 24-hour security surveillance and guards who routinely engage in safety patrol to prevent illegal intrusion and ensure the personal security of all employees. (4) Talent is the foundation of any organization, which is why the Company has long emphasized the importance of employees' development. In support of this policy, the Human Resource Department offers employees a rich and diverse selection of online educational courses, as well as workshops and career development programs that align with the world's latest financial trends.	
(5) Does the Company's product and service 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?	V		(5) Customer privacy in connection with all financial products and services offered by CDF is protected in accordance with the Financial Consumer Protection Act, the Personal Information Protection Act, and other relevant international standards. KGI Bank and KGI Securities promote Financial Services Industry Principles for the Fair Treatment of Customers to enhance employees' understanding of consumer protection and to comply with related laws and regulations. In addition, a comprehensive Guidelines for Handling Consumer	

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
(6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		Complaints and Disputes and a Customer Complaint Resolution Process (CCRP) platform have been established to record and analyze the category, content, cause, handling procedure, processing time, and corrective actions of all customer complaints. (6) CDF's Supplier CSR Guidelines calls on suppliers to commit to upholding standards on environmental, occupational safety, and health, and workers' rights issues. In 2020, CDF's CSR Commitment Letter was signed by all suppliers who had a single-contract procurement value of over NT\$1,000,000, and all suppliers with procurement value worth over NT\$200,000. In 2020, CDF and China Life received the Private Sector Green Procurement Award from the Department of Environmental Protection, Taipei City Government for the third and fifth consecutive years, respectively, and the 2019 Private Sector Green Procurement Award from the Environmental Protection Administration, Executive Yuan for a second consecutive year and the first year, respectively.	
5. Does the Company refer to internationally-used standards or guidelines for the preparation of reports, such as CSR reports, to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?	V		The Company's 2020 CSR Report, published in 2021, was prepared in accordance with the core criteria of GRI standards issued by the Global Sustainability Standards Board (GSSB), and was granted Type 2-AA1000 Assurance Standard accountability verification by the BSI Taiwan Branch (BSI).	No deviation
6. If the Company has established CSR principles in accordance with the CSR Best Practice Principles for TWSE/TPEX-Listed Companies, please describe its current practices and any deviations from the Best Practice Principles: None				
7. Other important information to facilitate a better understanding of corporate social responsibility practices: See Evaluation Items 1-4 above.				

3.4.7 Ethical Corporate Management Implementation Status

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have established and disclosed ethical corporate management policies and procedures that have been approved by the Board in its guidelines and external documents, as well as the commitment from its Board and high-ranking management to implement the policies?	V		(1) The Company has established Ethical Corporate Management Best Practice Principles, which have been passed in both the Board meeting and the shareholders' meeting. The Company also established the Code of Ethical Conduct, Code of Conduct for Employees, and Subsidiary Insiders Discipline, and forbids any violation against business integrity, unlawful conduct, or breach of fiduciary duty, and specifically requiring that business deals should be conducted in a fair and transparent manner. The Company complies with the Ethical Corporate Management Best Practice Principles and promotes the implementation of corporate social responsibility. The directors and senior executives of the Company have signed the statement of compliance in the Ethical Corporate Management Policy. Related policies and approaches are disclosed on the company website and in annual reports and CSR reports.	No deviation
(2) Does the Company have established mechanisms to evaluate the risks of unethical conduct through regular monitoring and analysis of operating activities in the event that they could give rise to higher risks of unethical conduct? Does the Company have preventive policies that at least completely cover the unethical conduct stated in Paragraph 2, Article 7 of the	V		(2) The Company amended the Ethical Corporate Management Best Practice Principles in March 2020 by adding a new process for assessing the risks of unethical conduct. Upon approval of the Ethical Corporate Management Committee on November 11, 2020, the said process has gone into effect beginning the first quarter of 2021. The results of risk assessments will be reported to the Ethical Corporate Management Committee and the Board for review, and corresponding prevention programs will be drafted accordingly.	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (3) Does the Company have established operating procedures, action guidelines, penalties, and appeal systems for preventing unethical conduct, and a processes for the review of the aforementioned procedures and systems on a regular basis?	V		(3) According to the Company's Ethical Corporate Management Best Practice Principles, employees of the Company and its subsidiaries are required to report to the Audit Committee, managers, internal audit officers, or other managerial staff where appropriate upon discovery of any violation against business integrity. The Company has also established Whistle-Blowing Policy and Procedures for Illegal and Unethical Matters, and authorized the Compliance Department to handle all compliant cases through letter, email, telephone, and other access. The Company will maintain confidentiality the an informant's identity and the reported details while taking the initiative in the investigation.	
2. Implementation of ethical corporate management (1) Does the Company evaluate the ethical records of all counterparties? Are there any integrity clauses in contracts with business partners?	V		(1) The Company continues to implement its philosophy of ethical corporate management and avoids any dealings with counterparties with a track record of unethical conduct. All supplier partners are selected based on responsible procurement principles. In 2016, the Company issued the Supplier Corporate Social Responsibility Guidelines, under which the Company and its suppliers are bound to follow the provisions of labor rights protection, environmental protection, and code of ethics. The Company also continues to invite suppliers to sign the Letter of Undertaking regarding Supplier Corporate Social Responsibility to contribute to a balance between economic, social and ecological concerns and sustainable development.	No deviation
(2) Does the Company have an established, exclusively dedicated unit	V		(2) The Company established the Ethical Corporate Management Committee in October 2019 to handle the establishment and execution of policies and	

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

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
(5) Does the Company regularly hold internal and external training on ethical corporate management?	V		Internal Audit Department will formulate and carry out audit plans based on the results of unethical conduct assessments. (5) To highlight its emphasis on ethical management, the Company has published related online videos to promote disciplinary rules to new employees. All employees are required to complete ethical corporate management courses, and these rules are conveyed to employees through training sessions. The online training program was completed by 17,190 employees in 2020, which demonstrated great learning results with a 100% completion rate. All employees signed a compliance statement online at the end of the program.	
3. Operation of the whistle-blowing system				
(1) Does the Company have an established reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V		(1) The Company encourages employees to take initiative in notifying the Audit Committee, managers, internal audit officers, or any supervisor deemed appropriate upon the discovery of any situation that would constitute a violation against laws or policies. The Company has also established the Whistle-Blowing Policy and Procedures for Illegal and Unethical Matters, and authorized the Compliance Department to handle all compliant cases. The said Policy covers the procedures for handling reported cases and protecting and rewarding whistle-blowers. The Company has created an online opinion box on the internal network that employees may use to report misconduct. The Company also has dedicated phone lines available or and accepts written statements for outsiders to report employee misconduct. All reported misconduct is treated with discretion by dedicated personnel.	No deviation
(2) Does the Company have established standard operating procedures for the reported matters and the relevant confidential mechanism?	V		(2) The Company assigns dedicated personnel to investigate the reported misconduct; the process and details of said misconduct will be kept confidential, and access to information will be restricted. The investigation results will be presented to the Company's Ethical Corporate Management Committee or Audit Committee, depending on the	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
(3) Does the Company provide protection for whistle-blowers against receiving improper treatment?	V		job level of the person that is allegedly involved in business misconduct. A written notice on the handling of the case will be delivered to whistle-blowers. The internal control system and operating procedures of the unit in question will be reviewed to prevent the reoccurrence of the same unethical behavior if the allegation stands true. (3) Where a whistle-blower is an employee, the Company will take appropriate action to protect the employee from any inappropriate treatment that may arise from such whistle-blowing.	
4. Enhancement of information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the company website and Market Observation Post System (MOPS)?	V		The Company has made Ethical Corporate Management Best Practice Principles, with related policies and approaches, available on the company website and in annual reports and CSR Reports.	No deviation
5. If the Company has established ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: No deviation				
6. Other important information that helps employees understand the operation of the Company's ethical corporate management (e.g., reviewing or amending the Company's Ethical Corporate Management Best Practice Principles): See Evaluation Items 1-4 above.				

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

Please refer to Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, Code of Conduct for Employees, and Principles for the Performance Evaluation of the Board of Directors under the CSR / Governance / Corporate Governance section on the Company website (<https://www.cdibh.com/ch/CSR/Governance/CorporateGovernanceRegulations>) and the MOPS.

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

Please refer to the Corporate Governance section on the Company website (<https://www.cdibh.com/ch/CSR/Governance/CorporateGovernanceOperation>) or the Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>, stock code: 2883).

3.4.10 Implementation of Internal Control System

1. Statement on Internal Control System

Statement on Internal Control System of China Development Financial Holding Corporation

We hereby state on behalf of China Development Financial Holding Co., Ltd., that in accordance with the Implementation Rules of Internal Control and Audit Systems of Financial Holding Companies and Banking Industry, from January 1, 2019 to December 31, 2020, the Company established an internal control system, performed risk management, and was audited by an detached and independent internal auditing department, which regularly reports to the Board and the Audit Committee. After a careful assessment, except for the items listed in the attachment, all units were able to effectively implement internal control and legal compliance tasks during the year. This statement shall be included as an integral part of the Company's annual report and prospectus, and shall be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

To:

Financial Supervisory Commission, R.O.C

Stated by

Chairman: Chia-Juch Chang

President: Stefano Paolo Bertamini

Chief Auditor: Hans Tzou

Compliance Officer: Te En Chan

Dated: March 32, 2021

China Development Financial Holding Corporation
Plan for Improving the Internal Control System
(As of December 31, 2020)

Area of Improvement	Action Taken	Estimated time of completion
KGI Bank		
1. Punishments by the competent authority (1) According to the Letter Jin-Guan-Zheng-Shen-Zi No. 1090339171 issued by the Financial Supervisory Commission (FSC) on April 15, 2020, KGI Bank failed to report the change of the Principal Accounting Officer in accordance with Subparagraph 1, Paragraph 1, Article 9 of the Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges, which required rectification.	KGI Bank has held training to increase employee awareness of relevant laws and regulations. KGI Bank has also created a self-evaluation checklist to monitor compliance at least once every six months.	Completed.
(2) According to the Letter Jin-Guan-Bao-Shou-Zi No. 1090491902D issued by the FSC on May 19, 2020, when engaging in insurance brokerage, KGI Bank failed to complete the salesperson report with the correct premiums for policyholders who applied to purchase policies through policy loans, which violated Paragraphs 4 and 8, Article 163 of the Insurance Act and Subparagraph 23, Article 49 of the Regulations Governing Insurance Brokers. The FSC required rectification within one month and imposed a fine of NT\$600,000.	KGI Bank has improved its monitoring of operating procedures for selling insurance policies, including setting up a system for audits.	Completed.
(3) According to the Letter Jin-Guan-Yin-Kong-Zi No. 10902297361 issued by the FSC on December 23, 2020, the former Financial Advisor from Fengcheng Branch, KGI Bank misappropriated customers' money, which caused harm to the operation of KGI Bank. The FSC required ratification in accordance with Paragraph 1, Article 61-1 of the Banking Act.	1. KGI Bank has set up a mechanism for reviewing the outward remittances requested at the counter. 2. KGI Bank will consolidate monitoring reports on accounts in association with financial advisors.	1. Completed. 2. To be completed by March 2021.
(4) According to the Letter Bei-Shi-Lao-Dong-Zi No. 10960674861 issued by the Department of Labor, Taipei City Government on November 6, 2020, the employees of KGI Bank were not paid for extended working hours. A fine of NT\$320,000 was imposed accordingly.	1. Such employees have been paid for extended working hours or given compensatory leave. KGI Bank also held training to increase the employees' awareness of relevant laws and regulations. 2. KGI Bank will set up a process for verifying extended working hours.	1. Completed. 2. To be completed by April 2021.
2. Areas of improvement in the internal control system KGI Bank failed to report loans secured to stakeholders to the Board of Directors for review and approval.	1. KGI Bank has set up a process for reviewing the approval of loans to stakeholders in addition to improving the post-loan management system.	1. Completed.

Area of Improvement	Action Taken	Estimated time of completion
	2. KGI Bank plans to enhance the functions of the post-loan management system step by step, which is to be completed by June 2021.	2. To be completed by June 2021.
3. The "Statement on Internal Control System of Anti-Money Laundering and Counter Terrorism Financing" for 2020 When customers applied to open deposit accounts online, KGI Bank failed to take enhanced security measures fully protect against high risks, such as understanding customers' sources of funds.	When engaging in e-deposit business, KGI Bank will undertake enhanced measures to understand customers' sources of funds.	To be completed by June 2021.
KGI Securities		
In the audit carried out at XX Branch from August 2020 to October 2020, the Taiwan Stock Exchange, Taiwan Futures Exchange, and Financial Examination Bureau identified the following deficiencies, indicating that KGI Securities did not have a well-designed internal control system, failed to implement the internal control system, and did not fulfill its responsibility for supervising and managing its executives and salespersons. 1. The former broker XX Lai (Lai), from XX Branch, was found in violation of the following: (1) In 2018, Lai solicited the fund subscription and guaranteed profits to customers. (2) In 2019 and 2020, Lai agreed to trade in futures on the behalf of XX Wu, XX Weng, XX Li, XX Hsiao, and other customers. Lai asked them to provide funds to trade in futures using his insider account. (3) From January 1, 2018 to September 30, 2020, Lai had financial dealings with futures traders XX Huang, XX Tsai, and XX Ho. (4) When engaging in electronic futures trading at the office, Lai made 6 transactions in 5 days without using an intranet IP address. 2. KGI Securities and its executives failed to put the internal control system into practice. 3. KGI Securities did not have a well-designed internal control system or the ability to implement it correctly.	1. On November 24, 2020, KGI Securities drafted and issued "Notice of Insider Account and Trading Control for Brokers." In addition to taking relevant control measures, KGI Securities now reviews the balances of employees' personal accounts and relevant insider accounts on a monthly basis. An amendment to the above notice was made on January 8, 2021, increasing control over the concentration of transactions by brokers. 2. On December 30, 2020, KGI Securities required that executives at each branch take enhanced control measures for their employees' operations and behaviors in order to prevent unethical behavior. 3. KGI Securities reiterated that employees comply with the code of conduct, and has asked them to sign in acknowledgement. 4. In Q3 2020, KGI Securities revised the questions asked in customer interviews in order to understand whether customers lent money to brokers, applied for discretionary investments, or	Completed.

Area of Improvement	Action Taken	Estimated time of completion
	remitted funds or securities settlement payments to brokers' accounts, etc. 5. Beginning November 27, 2020 supervisors at all levels were required to check insider transactions in order to understand why they occur, and provide audit details and results on appropriate forms. 6. On October 13, 2020, KGI Securities reiterated to each branch that employees must only engage in electronic trading at the office and using the intranet IP in accordance with all regulations.	
China Life		
1. When handling applications solicited by insurance brokers, China Life neither asked said insurance brokers to verify the applicants' documents before submission nor was there a process for insurance brokers to confirm whether they verified applicants' documents.	1. China Life has set up a process for insurance brokers to verify applications before submission.	Completed.
2. When selling investment-linked insurance policies to customers aged 70 and above, China Life only explained the policies to customers verbatim, based on the template; China Life also failed to explain relevant investment risks according to the characteristics of the linked investments.	2. China Life has adjusted the sales script template used for selling investment-linked insurance policies, in accordance with the characteristics of the investments.	Completed.

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

None

3.4.11 Major shortcomings of China Development Financial Holding and its subsidiaries during the most recent two years, penalties imposed for violations of laws or regulations, and the and improvements made:

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

None

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

Shortcoming	Improvement
Financial Supervisory Commission Letter Jin-Guan-Bao-Shou-Zi No. 10804545442 dated July 3, 2019 The FSC found the following in the audit of China Life's general business practices: I. When the policyholder, a legal entity/organization, purchased insurance for the person in charge or employees, the responsible employee failed to check whether the policyholder had been authorized by the insured, and neither assessed the legality of the source of insurance premiums nor kept a record of review. II. During a discussion about proposals involving conflicts of interest, the directors failed to recuse themselves from the discussion and voting. No proof was established that the transaction terms presented by peers during that discussion were superior in order to serve as reference for the Board's resolution, and all relevant facts about the transaction were not disclosed nor included in the minutes at the Board meeting. A fine of NT\$1.5 million was imposed.	Improvements made by China Life: I. China Life has amended relevant regulations to strengthen the control and assessment processes for policyholders as legal entities/organizations and the legality of the source of insurance premiums. II. China Life has amended relevant regulations to strengthen the review process for stakeholders' proposals at the Board meetings.
Financial Supervisory Commission Letter Jin-Guan-Bao-Shou-Zi No. 1090491902D dated May 19, 2020 When engaging in insurance brokerage, KGI Bank failed to fill in the salesperson report with the correct sources of premiums for policyholders who applied to purchase policies through policy loans, which violated Paragraphs 4 and 8, Article 163 of the Insurance Act and Subparagraph 23, Article 49 of the Regulations Governing Insurance Brokers. The FSC required rectification within one month and imposed a fine of	KGI Bank has improved operating procedures for selling insurance policies, along with establishing a system for monitoring and auditing.

Shortcoming	Improvement
NT\$600,000. Financial Supervisory Commission Letter Jin-Guan-Zheng-Qi-Zi No. 10903518471 dated September 1, 2020 The following shortcomings were identified in the futures brokerage business. KGI Futures was requested to take heed of and correct these issues in addition to paying a fine of NT\$480,000. I. KGI Futures did not immediately announce information regarding the negative trading price of E-Mini Crude Oil Futures ("QM Futures") provided by CME Group on the New York Mercantile Exchange (NYMEX), which violated Paragraph 3, Article 28 of the Regulations Governing Futures Commission Merchants. II. As the trade server failed to calculate negative prices of the QM Futures, KGI Futures was unable to control relevant risks in day trading, which violated Paragraph 2, Article 2 of the Regulations Governing Futures Commission Merchants.	Improvements made by KGI Futures: I. On May 5, 2020, KGI Futures announced potentially negatively priced foreign futures on the company website. II. On September 8, 2020, KGI Futures set up a dedicated section on the company website for foreign exchange announcements for investors to reference. III. KGI Futures has made adjustments to the futures server regarding the processing of negative quoted prices and closing prices; it launched on April 22, 2020. The processing of negative prices with respect to quotations, calculation of floating profit and loss, risk indicators, and sales and purchase reports have been available since April 27, 2020.
Financial Supervisory Commission Letter Jin-Guan-Bao-Zhong-Zi No. 10904935791 dated September 18, 2020 The following three shortcomings were identified by the FSC in the ad hoc audit. KGI Insurance Brokers was reprimanded and requested to correct the shortcomings within one month in addition to paying a fine of NT\$800,000. I. Reprimand When selling investment-linked insurance policies to customers aged 70 and above, salespersons only explained the policies verbatim to the customers based on the template, and omitted explaining important content of the policies, including the terms and conditions. II. Request for correction within one month and a fine: 1. KGI Insurance Brokers set up a system to review whether an applicant's address nearby to a local branch or the residence of an insurance agent. However, the following practices were found to have violated Paragraph 1, Article 6 and Paragraph 1, Article 7 of the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies: (1) When an applicant's permanent address was different from the residence address, KGI Insurance Brokers filed the applicant's permanent address without verification. (2) When submitting an applicant's change of address to the insurance company, KGI Insurance Brokers did not file the new address for verification.	Improvements made by KGI Insurance Brokers: I. The sales script used in for selling investment-linked insurance policies to customers aged 70 and above was modified on March 26, 2020. II. 1. (1) KGI Insurance Brokers established procedures for verifying applicants' permanent and residence addresses on August 19, 2019. (2) The process of verifying an applicant's change in address has been in practice since January 1, 2020. 2. (1) KGI Insurance Brokers included pre-signed blank forms in the checklist of applicant documents to be submitted. If any pre-signed blank forms are found, applications will be rejected. Application documents should be reviewed and approved by the employees in charge before being submitted to the insurance company. (2) In case of any change in the risk attribute of an investment-linked insurance policy, an insurance agent should specify the reason for the change in the note and, upon the authorized supervisor's approval,

Shortcoming	Improvement
2. KGI Insurance Brokers failed to confirm the suitability of an insurance product to specific consumers, which violated Subparagraph 23, Article 49 of the Regulations Governing Insurance Brokers. 3. When conducting phone interviews with customers regarding investment-linked policies, KGI Insurance Brokers did not fully inform customers whose source of funds for premiums paid was a time deposit canceled early or who withdrew partial fees payable midway, which violated Paragraph 5, Article 33 of the Regulations Governing Insurance Brokers.	conduct an interview with the customer for verification before submitting the policy to the insurance company. (3) Since August 1, 2019, KGI Insurance Brokers has reviewed and adjusted the questions asked in the telephone interview with customers whose source of funds for premiums paid is a time deposit canceled early or who withdraw partial fees payable midway.
Financial Supervisory Commission Letter Jin-Guan-Zheng-Quan-Fa-Zi No. 1090373803 dated December 24, 2020 Taiwan Stock Exchange, Taiwan Futures Exchange, and Financial Examination Bureau identified the following deficiencies in the ad hoc audit, indicating that KGI Securities did not have a well-designed and implemented internal control system, failed to put the internal control system into practice, and that KGI Securities did not fulfill its responsibility for supervising and managing its managers and brokers. KGI Securities was given a warning and fined NT\$3.36 million, along with suspending managers from trading in securities and futures for six months. I. The former broker XX Lai (Lai) from XX Branch, has the following violations: 1. In 2018, Lai solicited the fund subscription and guaranteed profits to customers. 2. In 2019 and 2020, Lai agreed to trade in futures on the behalf of XX Wu, XX Weng, XX Li, XX Hsiao, and other customers. Lai asked them to provide funds to trade in futures using his insider account. 3. From January 1, 2018 to September 30, 2020, Lai had financial dealings with futures traders XX Huang, XX Tsai, and XX Ho. 4. When engaging in electronic futures trading at the office, Lai made 6 transactions in 5 days without using an intranet IP address. II. KGI Securities and its managers failed to put the internal control system into practice. III. KGI Securities did not have a well-designed internal control system or the ability to implement it correctly.	Improvements made by KGI Securities: I. On November 24, 2020, KGI Securities drafted and issued into effect the Notice of Insider Account and Trading Control for Brokers. In addition to taking relevant control measures, KGI Securities has reviewed the balances of the employees' personal accounts and relevant insider accounts on a monthly basis. An amendment to the above notice was made on January 8, 2021, increasing control over the concentration of transactions by brokers. II. On December 30, 2020, KGI Securities required that executives at each branch take enhanced control measures for their employees' operations and behaviors in order to prevent unethical behavior. III. KGI Securities reiterated that employees comply with the code of conduct, and has asked them to sign in acknowledgement. IV. In Q3 2020, KGI Securities revised the questions asked in customer interviews in order to understand whether customers lent money to brokers, applied for discretionary investments, or remitted funds or securities settlement payments to brokers' accounts, etc. V. Beginning November 27, 2020 supervisors at all levels were required to check insider transactions in order to understand why they occur, and provide audit details and results on appropriate forms. VI. On October 13, 2020, KGI Securities reiterated to each branch

Shortcoming	Improvement
	that employees must only engage in electronic trading at the office and using the intranet IP in accordance with all regulations.

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

A syndicated loan customer in Shanghai XX (HK) Corporation failed to make repayments within the grace period. KGI Bank recognized the bad debt in full in 2019, resulting in loss of NT\$547,371 thousand.

4. Other disclosures mandated by FSC

None

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

1. Important resolutions of the Shareholders' Meeting on June 22, 2020 and their implementation:

Important resolution	Implementation
1. Acceptance of 2019 Business Report, financial statements and consolidated financial statements, and relevant books and reports as proposed	Reported the resolution to regulatory authorities (pursuant to Company Act, Financial Holding Company Act and other relevant laws and regulations) and announced publicly.
2. Acceptance of 2019 earnings distribution plan as proposed	The cash dividends were allocated on July 31, 2020.
3. Approval of amendments to "Articles of Incorporation" as proposed	Amended Articles of Incorporation on June 12, 2020, and registered with the Ministry of Economic Affairs on June 23, 2020 and obtained approval letter from the Ministry of Economic Affairs on August 14, 2020.
4. Approval of removal of non-compete restrictions on directors (including corporate directors and their juristic representatives) as proposed	The resolution would be effective upon passage in the shareholders' meeting.

2. Important resolutions of Board meetings in 2020 and up to the date of publication of this annual report

(1) 11th meeting of the 7th term Board on January 16, 2020

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

(2) 12th meeting of the 7th term Board on February 24, 2020

- Approved the application to FSC for the deadline extension for reinvestment in China Life
- Reported the applications for retirement on March 4, 2020 made by the Company's representative director and President
- Approved the date, time, place, agenda, book closure date, and acceptance of shareholder proposals for the Company's 2020 shareholders' meeting
- Approved the assignment of the chairperson of KGI Securities as the acting President of the Company
- Approved the appointment of members to the Company's Risk Management Committee and Strategy Committee
- Approved the candidate for the chairperson of China Life

(3) 13th meeting of the 7th term Board on March 18, 2020

- Approved the repurchase of the Company's ordinary shares

(4) 14th meeting of the 7th term Board on March 30, 2020

- Approved the amendment to the Ethical Corporate Management Best Practice Principles
- Approved the appointment of members to the Company's Risk Management Committee
- Approved the statement of internal control system for 2019

- Approved the distribution of 2019 remuneration for employees and directors
- Approved the issuance of unsecured ordinary corporate bonds

(5) 15th meeting of the 7th term Board on April 10, 2020

- Reported the appointment of the Company's representative director
- Approved the candidates for the 21st-term board of China Life
- Approved the 2019 business report, financial statements, and consolidated financial statements
- Approved the distribution of 2019 earnings

(6) 16th meeting of the 7th term Board on April 27, 2020

- Approved the amendment to the Articles of Incorporation
- Approved the implementation of the repurchase of the Company's ordinary shares
- Approved the release of the Company's directors from non-compete restrictions
- Approved the Chairperson's authority to change the venue of the 2020 shareholders' meeting or decide on the remote backup site in response to the COVID-19 pandemic
- Approved the 2020 shareholders' meeting agenda
- Approved the sale of CDIB Capital Group's building through a public bid
- Approved the Company's proposal to lease the headquarters building from China Life
- Approved the renovation of the headquarters building and the purchase of office furniture, IT equipment, and other equipment
- Approved the proposal of KGI Securities' subsidiary, Global Securities Finance Corporation, to put its building and land up for public bid

(7) 19th meeting of the 7th term Board on June 29, 2020

- Approved the closure of KGI Investments Advisory (Shanghai), KGI Securities' wholly-owned subsidiary
- Approved the distribution of 2019 remuneration for directors

(8) 20th meeting of the 7th term Board on July 29, 2020

- Approved the schedule and handling of the Company's investment in China Life
- Approved AMC's proposal to reduce capital by returning cash to the Company

(9) 21st meeting of the 7th term Board on August 24, 2020

- Approved the renewal of liability insurance for directors and supervisors from September 2, 2020 to September 2, 2021
- Approved the candidate for Vice Chairperson of KGI Securities

(10) 22nd meeting of the 7th term Board on September 2, 2020

- Approved the engagement of the Company's President

(11) 23rd meeting of the 7th term Board on September 28, 2020

- Reported the issuance of the Company's first unsecured ordinary corporate bonds
- Approved the amendment to the Code of Ethical Conduct

- Approved the issuance of unsecured ordinary corporate bonds

(12) 24th meeting of the 7th term Board on October 26, 2020

- Approved the appointment of members to the Ethical Corporate Management Committee
- Approved the appointment of independent directors of KGI Bank

(13) 25th meeting of the 7th term Board on November 23, 2020

- Reported the replacement of the Company's representative director
- Approved the proposal of CDIB Capital Group's subsidiary, CDIB Capital Management, to reduce capital by returning cash to CDIB Capital Group
- Approved the adjustment of lease term on the headquarters building from China Life
- Approved the public tender plan and documentation for the sale of CDIB Capital Group's building and authority to set the reserve price
- Approved the appointment of members to the Risk Management Committee, the CSR Committee, and the Strategy Committee
- Approved the appointment of supervisors to AMC

(14) 26th meeting of the 7th term Board on November 27, 2020

- Approved the increase in equity interest of China Life by acquiring 1,000,000,000 shares of China Life through a public tender offer
- Approved KGI Securities' proposal to reduce capital by returning cash to the Company

(15) 28th meeting of the 7th term Board on December 28, 2020

- Reported the Company's representative director's application for retirement on January 1, 2021
- Approved the appointment of directors of China Life
- Approved the appointment of members to the Strategy Committee
- Approved the renovation of the headquarters building and the purchase of office furniture, IT equipment, and other equipment, as well as the adjustment of the 2021 budget for capital expenditures
- Approved the 2021 budget, projected statement of comprehensive income, and projected balance sheet
- Approved the 2021 audit plan

(16) 30th meeting of the 7th term Board on January 5, 2021

- Approved the terms of acquisition of China Life's 1,000,000,000 shares through a public tender offer

(17) 32nd meeting of the 7th term Board on February 22, 2021

- Reported the issuance of the Company's second unsecured subordinated ordinary corporate bonds and third unsecured ordinary corporate bonds in 2020
- Approved the appointment of the members to the Ethical Corporate Management Committee
- Approved the date, time, place, agenda, book closure date, and acceptance of shareholder proposals for the Company's 2021 shareholders' meeting
- Approved the dissemination of regulations regarding the same person or same related party

holding shares of the financial holding company in the 2021 shareholders' meeting

(18) 33rd meeting of the 7th term Board on March 22, 2021

- Elected the Company's Vice Chairperson
- Approved the election of the Vice Chairperson of CDIB Capital Group

(19) 34th meeting of the 7th term Board on March 22, 2021

- Approved the dissolution and liquidation of KGI Bank's subsidiary, CDIB International Leasing Corp.
- Approved the statement of internal control system for 2020
- Approved the revision of the 2021 audit plan
- Approved the distribution of 2020 remuneration for employees and directors
- Approved the report of the Company's and KGI Securities' commitments to FSC regarding the increase in an equity interest in China Life in the shareholders' meeting

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

None

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

March 31, 2021

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Termination
President	Alan Wang	107.01.03	109.03.04	Retirement
Acting President	Daw-Yi Hsu	109.04.06	109.11.04	End of acting period
Chief Financial Officer	Andy Lin	104.10.01	109.05.18	Leave without pay
Chief Corporate Governance Officer	Chih-Yu Chou	108.02.25	109.08.01	Job adjustment (transfer to KGI Bank)

3.5 Information Regarding CDF's Audit Fee and Independence

Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Mei-Hui Wu	Kwan-Chung Lai	2020.01.01~2020.12.31	

Unit: NT\$ 1,000

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000		-	-	-
2	NT\$2,000,001 ~ NT\$4,000,000		-	2,820	2,820
3	NT\$4,000,001 ~ NT\$6,000,000		-	-	-
4	NT\$6,000,001 ~ NT\$8,000,000		6,730	-	6,730
5	NT\$8,000,001 ~ NT\$10,000,000		-	-	-
6	Over NT\$10,000,000		-	-	-

3.5.1 Non-audit fee should be distinguished by service item. If the "Others" item amounts to more than 25% of total non-audit fees, a detailed breakdown must be provided in the Remarks column.

Unit: NT\$ 1,000

Accounting Firm	Name of CPA (Note1)		Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
				System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Mei-Hui Wu	Kwan-Chung Lai	6,730	-	-	-	2,820	2,820	2020.01.01 ~ 2020.12.31	(Note)

Note: None-audit fees include fees for information security project, capital verification, tax advisory and master file review, etc.

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

None

3.5.3 If audit fee is reduced by 15% or more from the previous year, the amount, percentage and reason for reduction must be disclosed:

None

3.6 Replacement of CPA

Due to internal adjustment by Deloitte & Touche, since the financial statements review for the three months ended March 31, 2021, the CPAs were changed from Mei-Hui Wu and Kwan-Chung Lai to Yi-Chun Wu and Jr-Shian Ke.

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

None

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

3.8.1 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2020		As of March 31, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chi Jie Investment Co., Ltd.	0	0	0	0
	Representative Chia-Juch Chang	0	0	8	0
Vice Chairman	GPPC Chemical Corp.	0	0	0	0
	Representative Lionel de Saint-Exupéry	122,628	0	876,250	0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0	(5,000,000)	0	0
	Representative Stefano Paolo Bertamini	3,250,000	0	0	0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0	(5,000,000)	0	0
	Representative Shan-Jung Yu	0	0	0	0
Director	Paul Yang	306,203	19,762,850	0	0

Title	Name	2020		As of March 31, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Hsiou-Wei, Lin	0	0	0	0
Independent Director	Tyzz-Jiun Duh	0	0	0	0
Independent Director	Hsing-Cheng Tai	0	0	0	0
President	Stefano Paolo Bertamini	3,250,000	0	0	0
Executive VP	Daw-Yi Hsu	48,710	0	189,996	0
Executive VP	Mark Wei	0	0	21,616	0
Executive VP	Julian Yan	82,714	0	161,961	0
Executive VP	Te En Chan	22,000	0	4,000	0
Executive VP	Jenny Huang	15,925	0	94,622	0
Executive VP	Ketan Samani	0	0	0	0
Executive VP	Winifred Dente	0	0	50,000	0
Executive VP	Gabriel Heredia	0	0	0	0
Executive VP	Raymund Reyes	0	0	0	0
Executive VP	Terence Yeung	0	0	0	0
Executive VP	Samar Kumar	0	0	0	0
Executive VP	Winnie Huang	0	0	0	0
Chief Auditor	Hans Tzou	90,000	0	0	0
Executive VP	Richard Sun	0	0	0	0
Executive VP	Vincent Hung	193,980	0	87,411	0
SVP	Patrick Huang	0	0	443,701	0
Executive VP	Reddy Wong	(309,541)	(300,000)	606,793	0
Executive VP	Josephine Yang	0	0	0	0
Executive VP	Andy Lin	(193,823)	0	0	0
Executive VP	Richard Chang	21,077	0	44,314	0
Executive VP	Frank Yang	383,806	0	643,643	0
Executive VP	Jamie Huang	(5,551)	0	(483)	0
Executive VP	Ivy Aoh				
Executive VP	Jenny Chiang	0	0	8,646	0
Executive VP	James Meng	0	0	0	0
Executive VP	Frances Tsai	0	0	0	0
Executive VP	Kiki Shih	0	0	0	0
Executive VP	Guang-Yue Yeh	0	0	0	0
Executive VP	Sunny Lin	0	0	0	0
Executive VP	David Kuo	15,456	0	16,645	0
Executive VP	Christy Shyy	0	0	30,000	0
Executive VP	Marisol Wang	0	0	0	0
Executive VP	Chris Sun	0	0	0	0
Executive VP	Michael Chang	0	0	0	0
Executive VP	Teresa Li	0	0	0	0
Executive VP	Jill Liu	0	0	0	0
Executive VP	Anil Pathak	0	0	0	0

Title	Name	2020		As of March 31, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive VP	Bryan Goh	0	0	0	0
Executive VP	Raymond Chang	0	0	0	0
Executive VP	Jacqueline Tan	0	0	0	0
SVP	Lecko Lai	0	0	0	0
SVP	Ellen Chang	0	0	0	0
SVP	Alex Hung	0	0	0	0
SVP	Lily Li	0	0	0	0
SVP	Sharol Lin	0	0	0	0
SVP	Shu Ling Yang	0	0	0	0
SVP	Christy Lin	33,951	0	114,019	0
SVP	Sandra Yao	0	0	0	0
SVP	Steven Ching	0	0	0	0
SVP	Joann Tsai	0	0	0	0
SVP	Connie Liu	0	0	0	0
SVP	David Chi	7,607	0	0	0
SVP	Justin Wu	(295,000)	0	0	0
SVP	Wen Chung Lin	0	0	0	0
SVP	Vivian Tai	0	0	0	0
SVP	Ken Lin	0	0	0	0
SVP	Shiao-Chun Chen	0	0	0	0
SVP	Joshua Fu	0	0	0	0
SVP	Winnie Tsai	0	0	0	0
VP	Willy Lu	0	0	0	0
VP	Chien Ping Lin	0	0	0	0
VP	Jessica Chen	0	0	0	0
VP	Wen Chiao Chang	0	0	0	0
VP	Amy Wang	0	0	0	0
VP	Chris Chiang	0	0	0	0
VP	Fanny Lin	0	0	0	0
VP	Judy Mao	0	0	191,774	0
VP	Claire Wang	0	0	0	0
VP	Chih-Shun Wang	0	0	0	0
VP	Yen Ling Lai	15,464	0	0	0
VP	Melissa Pan	0	0	0	0
VP	Hui Ju Huang	(9,000)	0	0	0
VP	Kevin Hsu	0	0	0	0
VP	Eddie Chang	0	0	0	0
VP	Elsa Wang	0	0	0	0
VP	Jerry Li	0	0	0	0
VP	Daisy Wu	0	0	0	0
VP	Sophia Liou	0	0	0	0
VP	Bonnie Huang	0	0	0	0
VP	Guangdi Yang	0	0	0	0
VP	Barry Chen	0	0	0	0

Title	Name	2020		As of March 31, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
VP	Jason Yeh	0	0	0	0
VP	Eveline Lu	0	0	0	0
VP	Winnie Yang	0	0	0	0
VP	Vigo Chen	35,000	0	0	0
VP	Sindy Tsai	0	0	0	0
VP	Hui-Yuan Hsiao	0	0	0	0
VP	May Chung	0	0	0	0
VP	CJ Lin	0	0	0	0
VP	Petty Wu	0	0	0	0
VP	Sally Tseng	0	0	0	0
VP	Thomas Wang	0	0	0	0
VP	Chia Hui Lee	0	0	0	0
VP	Gina Fang	0	0	0	0
VP	Bee Jane Hsu	0	0	0	0
VP	Mike Tsai	0	0	0	0
VP	Sandy Lu	0	0	0	0
VP	Ya-shin Liu	0	0	0	0
VP	Angel Wei	0	0	0	0
VP	Will Chang	0	0	0	0
VP	Wen-Chi Yu	0	0	0	0
VP	Paul Yen	0	0	51,026	0
VP	Shan Yuan Hung	0	0	0	0
VP	Wendy Wei	0	0	0	0
VP	Jess Hung	0	0	120,819	0
VP	Tsung Pin Huang	0	0	0	0
VP	Fan Wang	0	0	0	0
VP	Hank Wang	0	0	0	0
VP	Cynthia Chen	(30,000)	0	(50,000)	0
VP	Rhoda Yang	0	0	0	0
VP	Caroline Ho	0	0	0	0
VP	Harriet Tsai	0	0	0	0
VP	Jen Lung Lai	0	0	0	0
VP	Robert Liu	0	0	0	0
VP	Tina Wu	0	0	0	0
VP	Hsiu Yen Huang	0	0	0	0
VP	May Wu	0	0	0	0
VP	Pei-Yun Chen	12,000	0	0	0
VP	Sophia Hsieh	0	0	0	0
VP	Emily Kuo	0	0	0	0
VP	Hung-Hai Liu	0	0	0	0
VP	Chiao Yun Yen	0	0	0	0
VP	Chia Hui Chen	0	0	0	0
VP	Keng Chia Chang	0	0	0	0
VP	Kevin Wu	0	0	0	0

Title	Name	2020		As of March 31, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
VP	Cheng-Yuan Lee	0	0	0	0
VP	Pei-Ju Chen	0	0	0	0
VP	Daniel Kuo	0	0	0	0
VP	Chris Chiang	0	0	0	0
VP	Gary Wu	0	0	0	0
VP	Josephine Wu	0	0	0	0
VP	Andree Lu	0	0	0	0
VP	Chih-Ting Lee	0	0	0	0
VP	Yann-Fen Jeng	0	0	0	0

3.8.2 Shares Trading with Related Parties

None

3.8.3 Shares Pledge with Related Parties

None

3.9 Relationship among the Top Ten Shareholders

April 13, 2021

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Shares	%	
Bank of Taiwan	286,941,073	1.91	0	0.00	0	0.00	None	None	
Representative Jye-Cherng Lyu	0	0.00	0	0.00	0	0.00	None	None	
Norges Bank	229,691,959	1.53	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	185,031,653	1.23	0	0.00	0	0.00	None	None	
Shin Wen Investment Co., Ltd	480,252,192	3.20	0	0.00	0	0.00	Jing Hui Investment Co., Ltd.	The company evaluates the equity method of Jing Hui Investment Company's accounting	
							Jing Kwan Investment Co., Ltd.	With the same person as the representative	
Representative Chin-Lung Tseng	11,192	0.00	0	0.00	0	0.00			
Jing Kwan Investment Co., Ltd.	416,881,377	2.78	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	With the same person as the representative	
Representative Chin-Lung Tseng	11,192	0.00	0	0.00	0	0.00			
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	181,333,938	1.21	0	0.00	0	0.00	None	None	
Labor Pension Fund	267,588,435	1.79	0	0.00	0	0.00	None	None	
Labor Insurance Fund	135,168,000	0.90	0	0.00	0	0.00	None	None	
Yuanta/P-shares Taiwan Dividend Plus ETF	303,262,302	2.02	0	0.00	0	0.00	None	None	
Jing Hui Investment Co., Ltd.	180,000,000	1.20	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	Invested companies evaluated by the equity method of the company	
Representative Koo, John-Ynn	232,172	0.00	0	0.00	0	0.00	None	None	

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

December 31, 2020

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
CDIB Capital Group	2,041,115,913	100.00	0	0.00	2,041,115,913	100.00
KGI Securities	3,436,339,736	100.00	0	0.00	3,436,339,736	100.00
KGI Bank	4,606,162,291	100.00	0	0.00	4,606,162,291	100.00
AMC	113,360,000	100.00	0	0.00	113,360,000	100.00
China Life Insurance	1,237,925,697	26.17	411,727,046	8.70	1,649,652,743	34.87
CDIB Venture Capital Corporation	0	0.00	476,213,353	100.00	476,213,353	100.00
CDIB Capital Management Corporation	0	0.00	23,093,889	100.00	23,093,889	100.00
CDIB Venture Capital (Hong Kong) Corporation Limited	0	0.00	1,010,000,000	100.00	1,010,000,000	100.00
CDIB Capital Investment I Limited	0	0.00	132,800,000	100.00	132,800,000	100.00
CDIB Capital International Corporation	0	0.00	4,700,000	100.00	4,700,000	100.00
CDIB Capital Investment II Limited	0	0.00	45,000,000	100.00	45,000,000	100.00
CDIB Global Markets Limited	0	0.00	339,392	100.00	339,392	100.00
CDIB Management Consulting Corporation	0	0.00	153,171,873	100.00	153,171,873	100.00
Richpoint Company Limited	0	0.00	147,043,557	100.00	147,043,557	100.00
KGI Venture Capital Co., Ltd.	0	0.00	70,000,000	100.00	70,000,000	100.00
KGI Securities Investment Advisory Co., Ltd.	0	0.00	5,000,000	100.00	5,000,000	100.00

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
KGI Insurance Brokers Co., Ltd.	0	0.00	500,000	100.00	500,000	100.00
KGI Securities Investment Trust Co., Ltd.	0	0.00	30,000,000	100.00	30,000,000	100.00
KGI Futures Co., Ltd.	0	0.00	115,486,886	99.61	115,486,886	99.61
CDIB CME Fund Ltd.	0	0.00	50,966,668	41.33	50,966,668	41.33
CDIB Biomedical Venture Capital Corporation	0	0.00	75,000,000	42.86	75,000,000	42.86
CDIB & Partners Investment Holding Corporation	0	0.00	367,200,000	33.66	367,200,000	33.66
CDIB Bioscience Ventures I, Inc.	0	0.00	4,697,286	21.20	4,697,286	21.20
Shenhe Energy Co., Ltd.	0	0.00	6,965,000	19.90	6,965,000	19.90

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

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

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

April 13, 2021

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

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

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NT\$'000)	Shares	Amount (NT\$'000)	Sources of Capital	Other
April 2020	10	20,000,000,000	200,000,000,000	14,971,097,599	149,710,975,990	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
October 2020	10	20,000,000,000	200,000,000,000	14,972,941,465	149,729,414,650	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013
February 2021	10	20,000,000,000	200,000,000,000	14,973,602,424 (Note)	149,736,024,240	Change employee stock option issuance to common shares.	Decree No. 0990042795 issued by FSC dated September 2nd, 2010 Decree No. 1020052073 issued by FSC dated December 26th, 2013

Note: Registration change approved by Ministry of Economic Affairs on March 16, 2021.

B. Type of Stock

April 13, 2021

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	14,973,602,424 (Note)	5,026,397,576	20,000,000,000	Listed Stocks
Preferred Shares	0	0	0	

Note: Registration change approved by Ministry of Economic Affairs on March 16, 2021.

4.1.2 Status of Shareholders

April 13, 2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	13	17	1,048	592,322	1,374	594,774
Shareholding (shares)	114,125	639,271,345	3,130,009,152	7,619,963,945	3,600,496,434	14,989,855,001 (Note)
Percentage	0.00	4.26	20.88	50.84	24.02	100.00

Note: Total shares pending for change registration (included new shares issued by exercised employee stock options):
16,252,577shares

4.1.3 Shareholding Distribution Status

A. Common Shares

April 13, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	177,434	31,114,459	0.21
1,000 ~ 5,000	221,061	519,152,344	3.46
5,001 ~ 10,000	71,468	545,999,765	3.64
10,001 ~ 15,000	35,066	427,548,210	2.85
15,001 ~ 20,000	20,425	369,117,650	2.46
20,001 ~ 30,000	23,455	582,019,637	3.88
30,001 ~ 50,000	19,668	770,001,442	5.13
50,001 ~ 100,000	14,549	1,032,765,160	6.89
100,001 ~ 200,000	6,621	914,389,578	6.10
200,001 ~ 400,000	2,809	775,369,472	5.17
400,001 ~ 600,000	860	423,138,815	2.82
600,001 ~ 800,000	360	248,665,959	1.66
800,001 ~ 1,000,000	218	198,478,126	1.32
1,000,001 or over	780	8,152,094,384	54.41
Total	594,774	14,989,855,001 (Note)	100.00

Note: Total shares pending for change registration (included new shares issued by exercised employee stock options): 16,252,577 shares

B. Preferred Shares

April 13, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
Total	None		

4.1.4 List of Major Shareholders

April 13, 2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Bank of Taiwan	286,941,073	1.91
Norges Bank	229,691,959	1.53
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	185,031,653	1.23
Shin Wen Investment Co., Ltd	480,252,192	3.20
Jing Kwan Investment Co., Ltd.	416,881,377	2.78
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	181,333,938	1.21
Labor Pension Fund	267,588,435	1.79
Labor Insurance Fund	135,168,000	0.90
Yuanta/P-shares Taiwan Dividend Plus ETF	303,262,302	2.02
Jing Hui Investment Co., Ltd.	180,000,000	1.20

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

Unit: NT\$

Items			2019	2020	Year to date (as of March 31, 2021) (Note 8)
Market Price per Share (Note 1)	Highest		10.30	9.89	10.75
	Lowest		8.92	6.90	8.90
	Average		9.60	8.83	9.52
Net Worth per Share (Note 2)	Before Distribution		12.85	13.66	-
	After Distribution		12.24	(Note 9)	-
Earnings per Share	Weighted Average number of Shares		14,548,414,387	14,615,570,720	14,866,865,280
	EPS (Note 3)	Before Adjustment	0.88	0.87	-
		After Adjustment	0.88	0.87	-
Dividends per Share	Cash Dividends		0.60	0.55 (Note 9)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		10.91	10.15	-
	Price / Dividend Ratio (Note 6)		16.00	16.05 (Note 9)	-
	Cash Dividend Yield Rate (Note 7)		6.25%	6.23% (Note 9)	-

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

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

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

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

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

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

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

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

Note 9: Distribution for earnings in 2020 had not yet been resolved by the shareholder's meeting.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy:

In order to continue business expansion and enhance profitability as well as comply with relevant laws and regulations, CDF adopts a residual dividend policy. A stock dividend is paid toward the reserve capital needed for future operations, with the remainder paid in the form of a cash dividend, to account for no less than 10% of the total dividend.

The Company shall pay all taxes, as required by the law and applicable regulations, from the current year's earnings and make a regulatory-required deduction for prior years' losses and contributions to legal reserve, and contributions to or reversal of special reserves when there are positive earnings shown on the approved financial statements. Residual earnings shall then be added to the starting retained earnings after adjustment as the distributable base. In accordance with the Article of Incorporation, the dividends shall first distributed to the preferred special shares and 30% - 100% of the residual can then be distributed to common stock shareholders proposed by the Boards of Directors and approved by a shareholders' meeting.

B. Implementation:

Dividend distribution proposed by the shareholder's meeting:

Cash dividend paid for common share: NT\$8,244,420,251 (NT\$0.55 per share)

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

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

4.1.8 Distribution of employee's compensation and directors' remuneration

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

If earnings are available for distribution at the end of a fiscal year, no less than 1% of the remaining amount shall be allotted as employees' compensation and no more than 1% of the remaining as directors' remuneration. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The earning is the pretax profit before deducting employee's compensation and directors' remuneration.

The Board is also authorized to draft an employee compensation plan with conditions that qualify certain employees to receive a stock bonus.

2. Accounting treatment for the difference between estimated and actual payment of employee's compensation and directors' remuneration

The employee's compensation and directors' remuneration are set aside no less than 1% and no higher than 1%, respectively, of pretax profit before deducting employees' compensation and directors' remuneration. In the event that the amount estimated by the Board is revised substantially before the

announcement of annual financial statements, the expense originally reserved will be adjusted. If a different amount is revised after the announcement of annual financial statements, the difference shall be treated as a change in accounting estimates and recognized as gains or losses in the next accounting year. In the event a stock bonus is opted for at the annual shareholder's meeting, the number of shares to be distributed is calculated by dividing the determined bonus amount by the share par value. The share par value is the closing price one day prior to a shareholders' resolution.

3. Information regarding employee compensation approved by the Board

- (1) Distribution of employees' compensation and directors' remuneration in the form of cash or stock (In the event there is found to be a difference between the estimated expense and the actual amount, the disclosure of the exact difference, the reason for the difference, and follow up procedures is required: The Board resolved to distribute NT\$134,000,000 as employees' compensation and NT\$133,000,000 as directors' remuneration both in the form of cash.

- (2) Employees' compensation distributed in the form of stock as a percentage to net profit after tax plus total employees' compensation in the parent company only financial statements for the current period:

Not applicable

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

The Company distributed NT\$127,000,000 as employees' compensation and NT\$126,000,000 as directors' remuneration in the form of cash for 2019, both identical to the figures stated in the financial statements.

4.1.9 Buyback of Treasury Stock

Status of CDF's treasury stock buyback (completed)

March 31, 2021

Treasury stocks: Batch Order	16 th Batch
Purpose of buyback	To maintain the Company's credit and shareholders' equity and the shares so purchased are cancelled.
Buyback period	None
Price range	None
Number of shares bought back	Zero shares of common stock
Total value of shares bought back (NT\$'000)	NT\$0
Ratio of shares bought back to the planned buyback (%)	0%
Capital adequacy ratio prior buyback	Record Date: December 31, 2019 CAR:126.18%
Capital adequacy ratio after buyback	Record Date: December 31, 2019 CAR:126.18%
Number of shares transferred/cancelled	Zero shares of common stock
Accumulated number of company shares held	—
Accumulated number of company shares held as a percentage of total outstanding shares (%)	—

4.2 Corporate Bonds

March 31, 2021

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

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

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

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

4.3 Issuance of Preferred Shares

None

4.4 Issuance of Global Depositary Receipts

None

4.5 Employee Stock Options

4.5.1 Issuance of Employee Stock Options (ESO)

A. Issuance of Employee Stock Options and its impact on shareholders' equity

March 31, 2021

Type of Stock Option	1 st Tranche, 2014 (Note)	2 nd Tranche, 2014 (Note)	2014
Approval date	July 29, 2014	July 29, 2014	December 26, 2013
Issue date	September 15, 2014	September 15, 2014	October 9, 2014
Units issued	30,862,622	11,087,749	44,850,000
Shares of ESO as a percentage of outstanding shares	0.20%	0.07%	0.29%
Duration	September 15, 2014 – May 3, 2021	September 15, 2014 – August 29, 2021	October 9, 2014 – October 8, 2021
Conversion measures	New share issuance	New share issuance	New share issuance
Conditional conversion periods and percentages (%)	September 15, 2014 – May 3, 2021 Shares 100% exercisable	September 15, 2014 – August 29, 2021 Shares 100% exercisable	October 9, 2014 – October 8, 2021 From the issuance day, vesting period of 2 years/3 years/4 years for 25%/50%/100% exercisability respectively
Converted shares	9,299,873shares	5,269,568shares	16,703,000share
Exercised amount (NT\$)	75,683,643	38,047,513	123,065,255
Number of shares yet to be converted	14,192,284shares	5,312,351shares	17,992,000shares
Adjusted exercise price for those who have yet to exercise their rights (NT\$)	7.14	6.58	6.82
Impact on shareholders' equity	The total new issuance of common stocks as a result of employee share option exercise is 41,950,371 shares, which account for 0.27% of the total outstanding shares. The impact on possible dilution of shareholders' equities is limited.		The total new issuance of common stocks as a result of employee share option exercise is 44,850,000 shares, which account for 0.29% of the total outstanding shares. The impact on possible dilution of shareholders' equities is limited.

Note : On July 29th, 2014, the Financial Supervisory Committee Banking Bureau approved the share swap scheme between the Company and the original Cosmos Bank (renamed KGI Bank). According to the Company and Cosmos Bank's share swap agreement, Cosmos Bank's total outstanding shares of employee stock option in exchange of the Company's employee stock option is reported at 41,950,371 units (30,862,622 units and 11,087,749 units from employee stock option issued on May 3, 2011 and August 29, 2011 respectively).

B. List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options

March 31, 2021

Title	Name	No. of Stock Options	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
				No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$'000)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$'000)	Converted Shares as a Percentage of Shares Issued
Executive Vice President	Andy Lin	18,849	0.126	2,625	8.47	19,125	0.018	16,224	7.14	112,231	0.108
	Daw-Yi Hsu										
	Richard Chang										
	Reddy Wong										
	Jenny Huang										
	Jamie Huang										
	Frank Yang										
	Julian Yan										
	Marisol Wang										
	James Meng										
	Vincent Hung										
	Jenny Chiang										
	Kiki Shih										
	Chris Sun										
	David Kuo										
Michael Chang											
Guang-Yue Yeh											
Hans Tzou											
Frances Tsai											
Senior Vice President	Justin Wu	18,849	0.126	2,625	7.96	19,125	0.018	16,224	6.82	112,231	0.108
	Christy Lin										
	Sharol Lin										
	Ken Lin										
	Sandra Yao										
	Alex Hung										
	David Chi										
	Ellen Chang										
	Patrick Huang										
	Steven Ching										
	Shu Ling Yang										
	Lian Yin Li										
	Connie Liu										
	Lecko Lai										
Vice President	Amy Wang	18,849	0.126	2,625	7.63	19,125	0.018	16,224	6.58	112,231	0.108
	Fanny Lin										
	Chien Ping Lin										
	Bonnie Huang										
	Sindy Tsai	18,849	0.126	2,625	7.29	19,125	0.018	16,224	6.58	112,231	0.108
	Wendy Wei										
	Top Ten Employees										
Frank Lin											

4.5.2 Issuance of New Restricted Employee Shares

None

4.6 Merger and Acquisitions or Transfers of other Financial Institutions

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

None

4.6.2 Mergers and acquisitions or transfers of other financial institutions in the past five years

1. In order to consolidate commercial banking businesses between subsidiaries CDIB (now known as CDIB Capital Group) and KGI Bank, the Company transferred all commercial banking businesses of CDIB to KGI Bank. This transfer of business would be priced based on the net worth of transferred businesses at the record date (NT\$38 billion as of September 30, 2014), for which KGI Bank would settle in cash and make a lump-sum payment to CDIB. Meanwhile, CDIB would retain all businesses, assets, and liabilities unrelated to commercial banking, mostly comprising of direct investments (the "Business Transfer" mentioned hereafter).

The Business Transfer was approved by CDIB's shareholders (for which the 19th term Board had represented and exercised shareholders' authority during the 38th and 40th Board meetings held on March 2 and April 13, 2015, respectively), KGI Bank's shareholders (for which the 9th term Board had represented and exercised shareholders' authority during the 10th and 12th Board meetings held on the same dates), and by the Company's 5th term Board (during the 33rd and 35th Board meetings held on the same dates). Subsidiaries CDIB and KGI Bank subsequently signed the "Business Transfer and Assumption Agreement" and the "Supplementary Agreement" to finalize the Business Transfer, and the Business Transfer was reported to and approved by the Financial Supervisory Commission on April 16, 2015, pursuant to Letters Jin-Guan-Yin-Kong-Zi No. 10400053521 and No. 10400053520. The Chairpersons of CDIB and KGI Bank agreed on April 16, 2015 to set the record date of the Business Transfer on May 1, 2015 according to Article 5 of the "Supplementary Agreement."

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

The Company's Board of Directors resolved to make a tender offer to acquire a 21.13% interest equity in China Life on November 27, 2020. Such acquisition took place from January 8 to February 2, 2021. By February 2, 2021, a 25.76% equity interest participated in the acquisition, making the acquisition of a 21.13% equity interest in China Life. Together, with the shares of China Life

previously held by the Company and KGI Securities, the consolidated shareholding ratio reached 55.95%, making the Company a majority shareholder.

4.6.3 Implementation status of new share issuance in connection with mergers and acquisitions or transfers of other financial institutions approved by the Board, information on merged or acquired institutions, and the impact on shareholders' equity in the most recent year and up to the date of publication of this annual report

None

4.7 Implementation of the Capital Utilization Plans

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

4.7.1 The Plan

None

4.7.2 Implementation

None

V. Operational Highlights

5.1 Business Activities

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

5.1.1 Business Scope

- 1. According to Article 36 of the Financial Holding Company Act, operations of the company and its subsidiaries shall be limited to investment and management of invested entities, as detailed below.**

◎ China Development Financial Holding

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

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

(2) Management of the aforementioned enterprises

(3) Other operations approved by the competent authority

◎ China Life Insurance

- life insurance

◎ KGI Bank

- Accepting all kinds of deposits
- Making loans
- Discounting bills and notes
- Investing in marketable securities
- Remitting funds
- Banker's acceptance
- Issuing domestic letters of credit
- Issuing corporate bonds and providing guarantee
- Providing bank guarantee
- Acting as collecting and paying agent
- Acting as agent to sell government bonds, treasury securities, corporate bonds and stocks
- Conducting custody and warehousing services
- Handling safety box rental services

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

◎ **KGI Securities**

- Brokerage of listed marketable securities
- Proprietary trading of listed marketable securities
- Brokerage of over-the-counter marketable securities
- Proprietary trading of over-the-counter marketable securities
- Underwriting marketable securities
- Securities transfer service
- Margin trading and stock loan
- Introducing brokerage of futures trading
- Operating offshore securities units (OSU)
- Sub-brokerage of foreign securities
- Proprietary trading of futures
- Wealth management services through trust;
- Securities investment advisory and discretionary investment
- Other operations approved by the competent authority

◎ **CDIB Capital Group**

- Venture capital investment
- Investment
- Investment consultancy
- Management consultancy
- Other consultancy
- Residence and buildings lease construction and development
- Reconstruction within the renewal area
- Renovation and maintenance within the renewal area
- Real estate commerce;

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

◎ **CDIB Asset Management**

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

B. Revenue Distribution

◎ CDF

Unit : NT\$ 1,000

Item \ Year	2019		2020	
	Revenues	%	Revenues	%
Share of the profit of subsidiaries, associates and joint ventures	14,177,282	100	14,724,565	100
Others	54,167	0	44,581	0
Total	14,231,449	100	14,772,146	100

Source: 2019-2020 audit financial report.

◎ China Life

Unit : NT\$ 1,000

Item \ Year	2019		2020	
	Revenues	%	Revenues	%
Personal insurance	217,287,714	78	215,135,884	83
Personal accident insurance	2,778,898	1	2,695,719	1
Personal health insurance	20,173,228	7	20,407,629	8
Group insurance	2,607,504	1	2,624,723	1
Annuity insurance	17,557,294	6	1,682,818	1
Investment linked	19,505,476	7	15,013,455	6
Total Premium	279,910,114	100	257,560,228	100

Source: 2019-2020 China Life Insurance Annual Report.

◎ KGI Bank

Unit : NT\$ 1,000

Item \ Year	2019		2020	
	Net revenues	%	Net revenues	%
Interest profit, net	6,745,537	60	7,609,147	67
Noninterest profit and gain, net	4,525,512	40	3,749,955	33
Total	11,271,049	100	11,359,102	100

Source: 2019-2020 audit financial report.

◎ **KGI Securities**

Unit : NT\$ 1,000

Item	Year	2019		2020	
		Revenues	%	Revenues	%
Brokerage handling fee revenue		4,118,552	37	7,210,463	48
Revenue from borrowed securities		860,134	8	781,711	5
Revenue from underwriting business		401,145	4	659,965	4
Gain(loss) on disposal of trading securities, net		1,181,463	11	2,564,119	17
Interest income		2,856,246	26	2,352,370	16
Dividend income		255,296	2	175,287	1
Gain(loss) on trading securities measured at fair value through profit or loss, net		1,554,519	14	1,172,201	8
Gain on warrants issued, net		155,490	1	292,191	2
Gain (loss) on derivative financial product		(1,053,926)	(9)	(1,084,946)	(8)
Others		792,251	6	799,942	7
Total		11,121,170	100	14,923,303	100

Source: 2019-2020 audit financial report.

◎ **CDIB Capital**

Unit : NT\$ 1,000

Item	Year	2019		2020	
		Revenues	%	Revenues	%
Dividend income		85,987	4	83,650	12
Share of the profit of subsidiaries, associates and joint ventures		1,668,580	69	(1,029,278)	(146)
Gain (loss) on financial assets measured at fair value through profit or loss		651,972	27	233,680	33
Other operating revenue		6,401	0	7,344	1
Total		2,412,940	100	(704,604)	(100)

Source: 2019-2020 audit financial report.

◎ **AMC**

Unit : NT\$ 1,000

Item	Year	2019		2020	
		Revenues	%	Revenues	%
Operating revenue		427,497	93	177,444	77
Others		33,540	7	52,129	23
Total		461,037	100	229,573	100

Source: 2019-2020 audit financial report.

C. New Financial Products and Services in Development

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

◎ China Life

- With prudent asset and liability management and risk control, China Life develops long-term, principal-guaranteed products in response to trends and customer needs.
- China Life continues to roll out competitive products for retirees and investment-linked products in response to an aging population and low birth rate.
- China Life's well-versed product design team focuses on asset planning, retirement planning, inheritance planning, and medical planning in order to offer differentiated products that satisfy customers' various needs throughout life.

◎ KGI Bank

- Promote the digital transformation of financial services to enhance customer experience and loyalty.
- Expand the application of "KGI inside" and introduce cross-domain cooperation and cross-industry data analysis to improve risk control and prospect identification.
- Expand the business scope and variety of structured products by developing interest rate, exchange rate, and hybrid products.
- Upgrade mobile banking and online banking, optimize customer interfaces and experiences, and promote electronic forms to provide online services efficiently.

◎ KGI Securities

- KGI Securities has developed its derivatives business by obtaining licenses for the operation of new businesses including interest rate swaps (IRS), interest rate options (IRO), convertible bond asset swaps (CBAS), structured notes, bond options, equity options and credit derivatives. In 2019, KGI Securities actively developed and launched fund-linked note (FLN), bond-linked note (BLN) and a number of novel structured products and issued by KGI Taiwan 500 ETN, making it one of the first brokerages to issue ETN products. Leveraged structured products have been popular among individual investors with professional investor qualifications, and KGI Securities has linked its structured products to interest rate metrics, bonds, equities, and more. In the future, KGI Securities seeks to expand the coverage of its structured products, so that they can be linked to other targets. The goal is to provide investors with different types of derivative products that meet their needs. Also, KGI Securities will apply for qualification to conduct NT\$ spot-market foreign exchange trading business, so as to expand the coverage of its financial services.

5.1.2 Annual Business Plan

◎ CDF

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

Following are the subsidiaries' business plans for 2020:

◎ China Life

- Promote digital transformation to improve the customer experience according to the characteristics of six major sales channels.
- Focus on the sale of high-value products and the added value of first-year premium policies.
- Expand business operations and salesforce size, and improve employee training and development.
- Expand bancassurance and develop wealth management markets.
- Unearth the needs of brokerage agency and group insurance markets to create business opportunities.
- Commit to InsurTech applications and digital transformation to support business innovation.

◎ KGI Bank

- Optimize revenue structure and returns by expanding the customer base, developing financial scenes, forming partnerships, and diversifying products and services
- Put the customer first and strive to provide better customer service
- Accelerate the introduction of digitization and data management to improve operational efficiency
- Improve staff cohesion and satisfaction
- Set and pursue goals in line with the Company's CSR vision

◎ KGI Securities

- Strengthen financial technology and improve the customer experience in electronic trading and services
- Offer fully-fledged and optimal products and services in line with customer needs
- Roll out a diversity of financial products and increase assets under management
- Consolidate and expand underwriting and fixed income business
- Upgrade digital trading platforms to enhance global financial services

◎ CDIB Capital

- Pursue AUM (asset under management) growth and continue to raise VC and PE funds
- Better leverage group resources and strategic alliances and build a good investment portfolio

- Build up a Greater China investment network and strategic alliance
- Provide strategies for private equity funds tailored to institutional investors
- Strengthen investment management to maximize added value and return on investment

◎ **AMC**

- Continue to increase assets under management
- Maintain and optimize existing assets to increase their value
- Rent out properties to gain income
- Employ multiple legal channels to increase the strength and performance of debt collection

5.1.3 Industry Overview

1. Financial holding industry

As of December 31, 2020, the number of financial holding companies in Taiwan was 16. These 16 financial holding companies dominate the local financial industry, accounting for around 80% of the net worth and gross financial assets of monetary institutions.

According to the FSC, the financial holding company industry's total net profit/loss after tax reached NT\$385.89 billion in 2020, a historical high for a second consecutive year, and up 8.3% YoY based on strong financial market performance. As the COVID-19 pandemic continued to rage, countries around the world adopted quantitative easing (QE). A low interest rate environment gave stock and bond markets a boost in the second half of 2020, elevating life insurance investment income and securities brokerage fee income. Also, the general public and enterprises' demand for financing led to the expansion of banks' lending business.

Looking ahead for 2021, major research institutions have expected the global economy to rebound significantly from 2020. Taiwan's economy has been less affected by the pandemic; exports will continue to perform well as global lockdowns are expected to be lifted gradually. Due to a relatively high base period, Taiwan's growth will occur a slower rate than other countries. With the recovery of domestic demand and QE continuing, we can expect that Taiwan's general public and enterprises will have less difficulty obtaining financing and maintaining their investment confidence, which will be good for the healthy development of the financial industry.

2. Life insurance industry

At the end of 2020, there were 22 companies operating in the life insurance market, including 19 domestic life insurance companies and three foreign companies. Their premium income totaled NT\$3,164 billion, down 8.7% YoY, with first-year premium income coming in at NT\$9,167 billion, down 28.1% YoY. Of first-year premium income, life insurance premiums contributed 62.9%, annuity insurance premium contributed 31.2%, health insurance premiums contributed 4.7%, and injury insurance premiums contributed 1.2%. Affected by the overall environment, China Life first-year premium gross income was NT\$87.31 billion and its aggregate premium income was NT\$257.56

billion in 2020.

In terms of sales channels' contribution to 2020 first-year premium income, bancassurance accounted for approximately 52%, while sales staff and other channels contributed roughly 48%. In terms of product composition, investment-type policies contributed 37.1% to first-year premiums in 2020, while traditional policies accounted for 62.9%. The overall life insurance market remains 60% reliant on traditional policies.

Regarding the connection of upstream, mid-stream, and downstream sectors of the insurance industry, insurance products begin their lifecycles when the insured request coverage from insurers, which may result in the retention of some policies, while re-insuring others to transfer the risks.

3. Banking industry

The number of domestic bank branches in Taiwan increased significantly after the Ministry of Finance approved the establishment of 16 new banks in 1992, resulting in fierce market competition. Since the enactment of the Financial Holding Company Act, consolidation within the banking sector has been consistent. As of 2020, there were a total of 3,409 domestic bank branches, representing a downtrend. The FSC has been promoting the financial innovation and digital transformation of banks. On July 30, 2020, the FSC announced the establishment of three internet-only banks, among which is Rakuten Bank, having obtained its license on December 8, 2020 and increasing the total number of domestic banks to 38; Next Bank and LINE Bank will be opened later in 2021. Internet-only banks expect to form alliances with business partners in other industries to provide accessible financial services, which will gradually change the operation of domestic banks in terms of customer segmentation, payment methods, and financial innovation.

As more COVID-19 vaccines are given and the pandemic gradually subsides in 2021, new economic activity at home and abroad will contribute to the operation of banks; banks' improvement in asset quality also leads to a decrease in credit costs. It is estimated that the domestic banking industry's surplus will rebound in 2021.

4. Securities industry

Since the establishment of securities firms in 1988, domestic securities firms have had difficulty earning higher profits due to intense competition and price wars in a homogeneous market. As the securities industry continues to become more saturated, industry leaders become more prominent.

With the electronic trading ratio reaching 70%, digital transformation has become the priority for securities firms. Securities firms have transformed from pure securities trading into a wealth management business that combines trading and asset allocation, and are evolving into digital securities firms. In response to the needs of a new generation of investors, competent authorities are continuing to strengthen and expand Taiwan's capital market through policies such as financial innovation, relaxation of trading schemes, and optimization of the financing environment. An increase in securities firms' profitability can be expected.

5. Venture capital industry

In early 1980s, in order to help the local industries grow, the Taiwan government introduced the United State's venture capital system. The period between 1990 and 1999 was the golden age for Taiwan's venture capital industry. However, capital and cases declined as a result of the bursting of the dot-com bubble in the U.S. and the global financial crisis in 2000s; the industry gradually started to make a comeback in 2012.

In recent years, the Taiwan government has continued to accelerate transformation of domestic sectors, actively channeling funds back to Taiwan for investment purposes, and leading private capital and resources into industries; The Taiwan government has also launched the 5+2 industrial innovation plan, along with digital-economy innovations, cultural creative and technological innovations, railway construction projects, and water resource construction projects, which serve as the core of next-generation industrial growth for Taiwan and is expected to inject new momentum into Taiwan's economic growth.

Looking forward to 2021, as the COVID-19 pandemic continues, more funds will be funneled into the biotech and healthcare sectors, along with investments in financial technology, educational technology, and artificial intelligence. The scale of the global venture capital market is estimated to be relatively high, while Taiwan's venture capital industry is expected to maintain steady business growth.

5.1.4 Research and Development

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

◎ China Life

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

Unit: NT\$1,000

Year	2019	2020
Amount	67,335	88,815

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

- Continue to commit to a prudent business philosophy, promoting regular-premium and high-contribution products to boost embedded value for the company.
- Continue to develop foreign currency policies to provide clients with financial insurance products in a wide range of currencies.
- Develop variable interest-rate products that are in line with market demand based on stringent asset liability management and risk control.
- Continue to strengthen investment-linked products and optimize policy platform services to develop flexible investment and fixed-time, fixed-amount investment-linked product lines that provide more asset allocation options and meet the needs of different customers.

- Aggressively develop insurance products that are principal-guaranteed or for retirees in response to the aging population.
- Continue to treat customers fairly and develop products and services specifically for the elderly, people with disabilities, and the underprivileged group.
- Strengthen and upgrade financial and insurance technology abilities to be in line with the digitization trends; analyze customer profiles with big data and pursue precision marketing to strength long-term competitiveness.
- Implement the government's policy to provide basic protections to the elderly, and continue to advocate for online insurance purchases, as well as small-amount whole life insurance online by government employees and teachers in order to build a basic protection networks for said groups.
- Continue to develop group insurance and accident insurance to meet diverse demand for protection, and provide micro accident insurance to the underprivileged and minority groups on a private individual or group basis.

◎ KGI Bank

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

Unit: NT\$1,000

Item	R&D Expenses in 2019	R&D Expenses in 2020	Projected R&D Expenses in 2021
Amount	684,358	397,156	374,495

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

- Introduce robotic process automation (RPA) to handle highly repetitive and sizable transactions of foreign currency remittances, and expect to introduce human-machine collaboration to streamline processes.
- Build digital footprints to adapt to customer preferences, prompt business dealings, and increase sales of digital channels.
- Set up a digital MGM platform to streamline the referral process.
- Construct a diversity ID authentication platform for various financial certificate authentications, including FIDO, non-KGI bank accounts, credit card information, online banking account numbers and passwords, and ATM card information. This effort aims to make online applications more convenient and user friendly for clients.
- Optimize the licensing interface and customer-end workflows for Electronic Direct Debit Authorization (eDDA) to speed up authorization.
- Introduce an integrated front-, middle-, and back-end system for financial markets while strengthening risk management, improving operating procedures, and addressing structure and performance bottlenecks.

◎ KGI Securities

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

Unit: NT\$1,000

Year	2019	2020
Amount	10,980	8,810

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

- KGI Securities leads peers in the equity derivatives business. In 2020, KGI Securities issued 6,620 warrants with a total amount of NT\$57.8 billion.
- KGI Securities has adopted a stable warrant market making strategy that upgrades the existing warrant market making system with higher liquidity and price linkage.
- In the OTC derivatives segment, KGI Securities has developed various instruments on the back of its solid financial engineering capability. These innovations have helped the company gain a competitive advantage in cutting-edge financial products and secured its leading position in the OTC derivatives market. In 2020, KGI Securities ranked first in terms of total amount underwritten.
- KGI Securities has also made headway in the asset swap business, making it one of the leaders in the industry.
- Going forward, KGI Securities will continue to provide a full range of professional services, aiming to achieve a win-win situation for investors and shareholders alike.

5.1.5 Short and Long Term Business Development Plans

1. Short-term business plans

Please refer to section 5.1.2 “Annual Business Plan”.

2. Long-term business plans

◎ CDF

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

◎ China Life

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

(7) Engage in human resources cultivation and development to strengthen corporate competitiveness

◎ **KGI Bank**

- (1) Speed up digital transformation and build an ecosystem with business partners.
- (2) Become the preferred employer for financial and cross-domain professionals through sound staff engagement, training, and performance management systems.
- (3) Improve customer satisfaction through optimized mobile and online banking user interfaces, and streamlining application processes.
- (4) Steadily grow the three main business activities (corporate banking, consumer banking, and the financial market) as well as increase revenue from assets and fees, and consolidate cross-selling cooperation across the group.
- (5) Incorporate ESG issues into business strategies to enhance return on investment.

◎ **KGI Securities**

- (1) Establish "One KGI," an integrated online trading platform, C19to provide full-fledged digital financial services.
- (2) Apply big data to customer segmentation analysis to improve customer satisfaction.
- (3) Secure the leading position in Taiwan's investment banking market and expand regional investment banking and wealth management services.
- (4) Develop niche markets in Mainland China and Southeast Asia.
- (5) Build an efficient and secure information infrastructure in response to future competition.

◎ **CDIB Capital**

- (1) Expand into Asia-Pacific markets to implement regional developments.
- (2) Broaden business scale to increase market share.
- (3) Diversify income sources.
- (4) Increase brand awareness and reputation in international markets and become a top-notch equity investment and asset management company in the Asia-Pacific region.
- (5) Continue implementing the responsible investment policy.

◎ **AMC**

- (1) Lobby for deregulation and deploy more profit-generating products.
- (2) Scale up assets via real estate investment business.
- (3) Evaluate foreclosed properties on behalf of customers and participate in urban renewal projects.
- (4) Collaborate with peers to jointly expand business range and scale.

5.2 Cross-Selling and Synergy

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

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

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

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

5.3 Market and Business Overview

◎ CDF

As of December 31, 2020, there were a total of 16 financial holding companies in Taiwan, with a respective gross asset and equity value of NT\$60.1 trillion and NT\$4.4 trillion according to the Financial Supervisory Commission (the FSC). These 16 companies have dominated Taiwan's financial industry in recent years. Taiwan's financial holding companies have benefited from the cross-strait financial deregulation and the economic boom in China, as well as rapid growth in Southeast Asia, and therefore have been accelerating deployment across the Taiwan Strait and in Southeast Asia. They continue to leverage group resources in order to create business synergies with the ultimate aim of strengthening their competitiveness.

The four major subsidiaries of CDF are China Life, KGI Bank, KGI Securities, and CDIB Capital Group. Both CDIB Capital Group and KGI Securities have become the respective leaders in Taiwan's investment banking and capital markets. With the addition of China Life in September 2017, CDF has evolved into a full-fledged business group with four pillars of growth drivers: life insurance, banking, securities, and venture capital/private equity. In February 2021, CDF further completed the acquisition of a 21.13% equity interest in China Life, holding 55.95% of China Life's consolidated equity interest. This contributes to the Company's profitability and efficient use of capital.

◎ China Life

1. Main products and markets

China Life's sales channels are present across the islands of Taiwan and Penghu, with 9 branches and 142 district offices in 2020.

2. Future supply-demand dynamics

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

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

3. Business objectives

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

4. Positives and negatives for future development

(1) Competitive niche and positives

- With solid solvency and prudent corporate governance risk management strategies, the RBC ratio was 287.77%, PBR 8.4%, and net profit NT\$15.548 billion in 2020.
- China Life has already reached the standards laid out in the Corporate Governance 3.0: Sustainable Development Roadmap released by the FSC in August 2020.
- Promote regular-premium and high-contribution products to boost embedded value for the company.
- Maneuver InsurTech to innovate and proactively provide full-fledged services to meet customer needs.
- Offer diversified product lines to meet customers' demands for medical planning, protection planning, retirement planning, and asset allocation.
- Continue to treat customers fairly and develop products and services specifically for the elderly, people with disabilities, and the underprivileged group.
- Continue to optimize information security management and risk transfer and participate in joint cyber defense to provide customers secure financial and insurance services.

(2) Negatives

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

(3) Response strategies

- Launch diversified, multi-currency products and provide clients with comprehensive insurance planning and asset allocations.
- Make insurance professional development plans with both depth and breadth to continue improving the service quality of channels.
- Launch the digital pilot program in order to stay competitive in the realm of digital finance.
- Build a decision-making platform that supports big data analysis in order to improve the company's long-term competitiveness in the international arena.
- Continue to strengthen information security management and related resources to help ensure a secure customer experience.
- Continue to develop principal-guaranteed products, products specifically for the elderly, and inclusive financial products in response to an aging population and low birth rate.
- Give full play to the value of insurance: prevention, response, and reparation.
- Unearth the Chinese market; strengthen CCB Life's corporate governance and risk management and promote its development of digital, smart, and mobile services.
- Set up an overseas development department to uncover business opportunities in the Asian market in order to make it the Company's second most profitable growth engine.
- Continue to optimize the risk management system and adopt hedging to transfer various risks and opportunities to actions and competitive edges.

◎ KGI Bank

1. Main products and markets

KGI Bank's products and services are mainly sold in Taiwan. As of the end of 2020, KGI Bank had 53 nationwide branches, as well as 7 commercial and financial centers, and 1 incubation center.

2. Future supply-demand dynamics

The COVID-19 pandemic caused the global economy to slump. Major economies around the world adopted unprecedented quantitative easing in response, which caused bank spreads to decrease. With the new president of the U.S. taking office, supply chains making readjustments, and the migration of business investments being pushed forward, Taiwanese businesses in China are inclined to channel their funds back to Taiwan. This will increase substantial investment in Taiwan and thus boost corporate financing needs.

The FSC's deregulation enables financial institutions to offer a variety of financial products and services that enhance their competitiveness. Due to the adjustment of insurance product rates, savings insurance products become less attractive customers. This inevitably poses a challenge for the sale of insurance products; the implementation of a number of management measures also restrains insurance growth momentum.

The COVID-19 pandemic has been a catalyst for the development of contactless service and digital transformation in banking. With the launch of three internet-only banks in the first half of 2021, Taiwan's banking industry will continue offering virtual and mobile financial services to increase

financial services penetration and create opportunities for development in the highly competitive market. In response to the global trend of environmental, social, and governance (ESG) initiatives, as well as Corporate Governance 3.0 and the Green Finance Action Plan 2.0 launched by the FSC, domestic financial institutions are encouraged to assist companies obtain working capital for the development of green energy-related business.

3. Business objectives

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

4. Positives and negatives for future development and response strategies

(1) Positives

- Strong ability to customize lending products and assess valuation of financial products, enabling quick responses to clients.
- Being a leader of lending product diversification, digital approval process, and competitive salesforce.
- Advancing customer segmentation by customer size and industry, consolidating customer relationships, staying up to date on industry information, and improving marketing and risk control capabilities.
- Creating business synergies across group prospects in commercial banking, corporate banking, and consumer banking.

(2) Negatives

- Abundant liquidity weighs on interest spreads.
- Competition becomes more and more intense as a string of banks engage in high-end wealth management business.
- A lack of overseas branches limits KGI Bank's cross-border financial services.
- Competition is increasing as three internet-only banks have opened for business.

(3) Response strategies

- Offer a full range of financial transactions to meet customers' demand in different investment periods.
- Optimize end-to-end customer experience to provide an immersive customer journey.
- Apply the successful platform model in cross-domain scenes and bring in new customers.
- Develop a data transformation blueprint based on successful data analysis and management case studies in the industry.

◎ KGI Securities

1. Main products and markets

KGI Securities' products and services are mainly sold in Taiwan. As of March 31, 2021, KGI Securities had 73 branches.

2. Future supply-demand dynamics

The TAIEX extended its bullish run above 10,000 points in 2020, with the highest average daily turnover in history, boosting combined profits of all securities firms to NT\$58.456 billion, up 43.51% YoY. With the electronic trading ratio reaching 70%, digital transformation has become the priority for all securities firms. With the launch of a continuous trading system, securities firms have needed to invest heavily in IT systems. This in turn has brought about structural changes in the securities industry. Large players will maintain their dominance in the market. Business diversification is also a definite trend.

While global stock markets have been hit by the COVID-19 outbreak, TAIEX's solid fundamentals and high dividend yields resulted in a high retention of local and foreign investors. To establish a capital market for prospects and with international competitiveness in response to three major trends, namely sustainable development, digital technology, and an aging society, competent authorities rolled out the Capital Market Roadmap at the end of 2020, which established 5 major strategies and 25 priorities. It will inject more liquidity into TAIEX.

3. Business objectives

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

4. Positives and negatives for future development and response strategies

(1) Positives

- Incorporate FinTech to introduce smart, automated investment advisory services, creating added value for the brokerage business.
- The implementation of MiFID II will reduce competition among international investment banks and encourage foreign brokerages to collaborate with their local peers.
- New products and indices launched by the stock and futures exchanges will create more opportunities for arbitrage.
- A solid brokerage client base and positive brand image should help KGI Securities attract more high net worth clients, which is conducive to the development of the wealth management business.

(2) Negatives

- Brokerage fee income could be hurt by the increasing prevalence of electronic trading, and new platform operators may cut prices to gain market share.
- The entry of foreign high-frequency and program traders into Taiwan will affect the warrant business and hedging operations of securities firms.
- Competitors stepping up their stock lending business will lead to the deterioration of segment profitability.

(3) Response strategies

- Create an interactive customer-centric digital platform that provides clients with an innovative service experience featuring B2C smart investment recommendations and customer services.
- Continue to optimize and develop relevant information equipment and platforms to meet the needs of high-frequency trading clients; develop multiple trading strategies and rapid trading execution systems to maximize profits in a fast-changing market.

- Closely monitor the government's financial policies and market developments. In alignment with new businesses and financial product deregulation, expand business scope and strengthen product scope to excel in new business opportunities.
- Continue to optimize overseas electronic trading platforms with the aim of becoming a global investment and trading service provider.

◎ **CDIB Capital**

1. Main products and markets

CDIB Capital is mainly engaged in venture capital, private equity, and fund management. Its business operations cover domestic and international markets. Overseas, the main target markets are mainland China and the Asia-Pacific region, followed by the U.S. and European markets.

2. Future supply-demand dynamics and growth potential

Almost all of Taiwan's 16 financial holding companies have established venture capital companies like CDIB Capital Group. CDIB was established by CDF, Fubon Financial Holding Venture Capital by Fubon FHC, Cathay Venture by Cathay FHC, CTBC Venture Capital by CTBC FHC, Mega Venture Capital and Global Venture Capital by Mega FHC, and Yuanta Venture Capital by Yuanta FHC. Statistics compiled by the Taiwan Venture Capital Association shows that CDF, Yuanta FHC, and Taishin Holdings are the top three financial holding companies in terms of investment in venture capital business by fund size.

In 2017, the FSC allowed banks to hold 100% of a venture capital firm and investment trust companies to establish private equity funds. A string of venture capital firms and private equity funds have since been established by banking and investment trust industries including Tai Chi Venture Capital (invested by Taiwan Business Bank), CHB Venture Capital, Union Bank Venture Capital, and Cathay Private Equity Corp. (established by Cathay Securities Investment Trust). Since the FSC is more inclined to adopt an open attitude, and given that the government is pushing for industry upgrades and innovation, the venture capital market is expected to have more room to grow and will face more fierce competition.

3. Business objectives

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

4. Positives and negatives for future development

(1) Positives

- More than 60 years of industry experience and broad-based client network.
- Create synergies through group resources.
- Recruit international professionals.

(2) Negatives and response strategies

- Given limited business development in the past, CDIB Capital Group takes advantage of group and globalization resources to mitigate competition from peers.
- Transform from principal investment into fund management to balance income sources.
- Recruit global talent to tackle globalization challenges.

5.4 Employee Profile

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

Year		2019	2020	As of March 31, 2021
Numbers of Employee	China Development Financial	147	165	172
	China Life (Note1)	5,955	6,338	6,283
	KGIB (Note2)	2,551	2,532	2,479
	KGIS (Note2)	3,769	3,741	3,738
	CDIB Capital (Note2)	224	230	222
	AMC	13	13	13
	Total	12,659	13,019	12,925
Average Age (Note 2)		42.21	42.11	42.27
Average Years of Service (Note 2)		9.40	9.79	9.91
Education	Ph.D.	0.1%	0.1%	0.1%
	Master	15.5%	16.5%	16.7%
	Bachelor's Degree	68.6%	67.3%	67.4%
	Senior High School (& below)	15.8%	16.1%	15.8%
Certification and Qualification	CFA	15	15	14
	CPA(domestic)	27	30	30
	CPA(overseas)	5	4	4
	CISA	2	2	2
	FRM	37	32	31
	IPMA Level D	1	1	1
	Attorney at law, R.O.C.	18	20	20
	Attorney at law, USA	3	5	5
	Attorney at law, Australia	1	1	1
	Internal Auditor	25	24	23
	Certified Financial Services Auditor	2	1	1
	Certified Public Bookkeeper (for Specialized Professionals and Technicians)	3	3	3
	Proficiency test for foreign exchange transaction	69	68	68
	Proficiency test for corporate basic internal control	70	64	61
	Investment trust and consulting laws exam	1,198	1,191	1,187

Year		2019	2020	As of March 31, 2021
Certification and Qualification	Investment trust and consulting specialist exam	947	956	963
	Proficiency test for Stock Affairs Specialist	87	84	83
	Proficiency test for junior foreign exchange personnel	479	481	479
	Proficiency test for junior credit personnel	740	724	720
	Proficiency test for advanced credit personnel	42	42	42
	Proficiency test for financial risk management	9	7	7
	Proficiency test for credit collateral valuation	13	12	12
	Financial knowledge and professional ethics exam	2,034	1,964	1,828
	Trust laws exam	114	126	128
	Trust personnel exam	3,098	3,068	3,060
	Certified Project Management Professional	12	18	17
	Proficiency test for Certified Financial Planner	719	700	700
	Bill Finance Specialist exam	71	68	68
	Futures Commission Merchant Specialist exam	2,468	2,417	2,423
	Futures Brokerage Merchant Specialist exam	12	13	13
	Futures Trading Analyst exam	24	22	22
	Futures Fund Specialist exam	1,169	1,126	1,121
	Structured Instrument Specialist exam	670	661	663
	Proficiency test for Bond Specialist	69	65	65
	Proficiency test for basic asset securitization	31	30	30
	Bank internal control and internal audit exam	1,995	1,992	1,987
	Securities Margin Trading Specialist exam	663	727	724
	Securities Investment Analyst exam	65	65	65
	Senior Securities Specialist exam	2,168	2,142	2,155
	Securities Specialist exam	2,100	2,113	2,124
	Certified Financial Planner (CFP)	18	16	15
	Life insurance representative	2,980	2,938	2,919
	Life insurance representative exam for sale of foreign currency non-investment linked insurance policies	1,745	1,739	1,722
	Property insurance representative	2,594	2,576	2,560

Year		2019	2020	As of March 31, 2021
Certification and Qualification	Investment-linked policy representative	1,951	1,912	1,903
	General exam for investment-linked insurance and financial system	254	258	261
	Securities exchange regulations and practices exam	290	297	295
	Proficiency test for debt collector	391	387	385
	Securities practitioner exam (SAC)	9	8	8
	Securities lending specialist exam	214	293	293
	Professional in Business Analysis	1	1	1
	CFSSME	15	14	14
	Elementary ERP planner	1	1	2
	Advanced calculation method on Capital adequacy ratio of securities firms exam	5	5	5
	Property insurance broker	8	8	8
	Life insurance broker	9	10	10
	CAIA	1	1	1
	MFP	2	2	2
	Grade b special exam for finance specialist	1	0	0
	Life insurance agent	4	7	7
	Chartered Life Underwriters	1	2	2
	Junior professional and technical examinations for realtors	2	2	2
	Assistant real estate broker	5	4	4
	Proficiency test for deposit business	171	170	170
	Basic Test of the FinTech Knowledge	17	27	27
	Financial derivatives specialist exam	168	212	214
	Proficiency test for risk management	15	15	15
	International Trade Specialist	1	0	0
	Accounting grade c subject test	22	25	25
	Licensing examination for securities Futures Intermediaries(Asset Management)	2	2	2
	Licensing examination for securities Futures Intermediaries(Corporate Finance)	1	1	1
	Licensing examination for securities Futures Intermediaries(Securities)	4	4	4
	Certified Anti-Money Laundering Specialists (CAMS)	67	58	57
	Legal Profession Qualification Certificate	1	2	2

Year		2019	2020	As of March 31, 2021
Certification and Qualification	Futures Practitioners Qualifying Exam	1	1	1
	AMAC Fund Qualification Exam- Basic Knowledge of Private Equity Fund	8	7	6
	AMAC Fund Qualification Exam- Regulations and Ethics Standards	10	10	9
	AMAC Fund Qualification Exam-Basic Knowledge of Securities Investment Fund	5	3	3
	License for Fund Practitioners	0	1	1
	Fellow, Life Management Institute	2	2	2
	Anti-Money Laundering/Countering the Financing of Terrorism Specialist exam	46	54	57
	CPA(China)	1	1	1
	Securities Practitioner's Qualify exam-Basic Knowledge of Securities Market	1	1	1
	Securities Practitioner's Qualify exam-Securities Investment Analysis	1	1	1
	Wealth Management Planner	2	2	2
	Property Insurance Agent	4	7	7
	Property Insurance Underwriters	2	3	3
	Claim Adjuster for Property Insurance	1	1	1
	Proficiency test for corporate governance	1	2	2
	Basic Test on the Fintech Knowledge	0	1	2
	Internal Auditor	0	0	1
	Scrum Master Accredited Certification	0	0	1
Total		32,228 (Note3)	32,178	31,987

Note 1: Employee headcount excluded Independent contractors

Note 2: the shown figure include employees of all subsidiaries

Note 3: the shown figure is different from last year annual report due to the adjustment on some licenses stated

5.4.2 Education and Training for Employees in 2020

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

In 2020, the total number of participation of CDF and the total training hours of its subsidiaries in domestic and overseas training sessions (both physical and online) reached 988,519. On average, each employee received 75.9 hours of training in 2020. The questionnaires that employees filled in after the training sessions showed that they were very satisfied with the training sessions, learning environment, and the online platform. The satisfaction rate reached 89%.

5.5 Corporate Social Responsibility and Code of Conduct

Under the corporate principal of "helping others to create value," the Company has continued to focus on supporting the underprivileged via education, charity, and arts and humanities. Through subsidiaries' charity policies and charitable foundations, the Company has maintained its commitment to corporate social responsibility and to shaping its corporate image amongst financial industry players. As a corporate citizen, aside from engaging in business and delivering the greatest benefits for its shareholders, the Company continues to devote itself to charity and contributing to society.

In the 2020 Taipei FinExpo, the Company set up the CDF Sustainability Pavilion to present global ESG trends and sustainable development issues; the Company also released a prototype of the Climate Resilience Practice Alliance database and demonstrated its achievements in promoting responsible finance. Company employees were paid to volunteer to share the Company's response to climate change, responsible finance practices, and the entire design process of financial products with the general public in hopes of promoting trends and solving issues related to sustainable development.

The Company's corporate social responsibility program can be divided into four major categories: charitable donations and educational aid, community investments, arts cultivation and commercial initiatives, and employee engagement:

5.5.1 Charitable Donations

In 2020, the world was ravaged by the COVID-19 pandemic. CDF and its foundation took the lead to donate much needed supplies both home and abroad.

Through its charitable acts, CDF has consistently provided care and assistance to victims of emergencies, such as students affected by Formosa Fun Coast explosion and children orphaned by the Tainan Earthquake. The KGI Charity Foundation also provides financial assistance to families that face critical life events.

Here's what we accomplished in 2020:

➤ Social emergency aid

Sponsor	Project	Description	Beneficiary	Highlight
CDF	Trust Fund for Children Orphaned by the Tainan Earthquake	A trust fund of NT\$4 million for children orphaned by the Tainan earthquake in 2016. The fund is managed by KGI Bank.	Orphaned Children Education Fund	☐ A NT\$4 million education fund to support orphaned children's study, livelihood, and talent
CDIB Education and Cultural Affairs Foundation	Financial aid to students who were victims of the Formosa Fun Coast explosion	A long-term aid program covering the cost of school fees for victims of the incident in 2015. The objective is to support students through graduation.	Student Trauma Donations	☐ Donated NT\$0.69 million that benefitted 27 students ☐ Donated NT\$19.81 million that benefitted 589 students since 2015
KGI Charity Foundation	Emergency Aid for Affected Students & Families	Financial aid and emergency funds for students whose families experience critical life events	Students in poverty	☐ Donated NT\$1.54 million ☐ Benefitted 49 students
KGI Charity Foundation	COVID-19 relief	Donation of supplies to those in need at home and abroad	Disadvantaged people and groups in Japan and Taiwan	☐ Donated NT\$23.6 million ☐ Donated 220,000 masks to the

Sponsor	Project	Description	Beneficiary	Highlight
				government of Japan and 1.85 million masks to city and county governments and disadvantaged groups in Taichung, Kinmen, and Hualien, Taiwan
KGI Securities Thailand	COVID-19 relief	Donated to the Ramathibodi Foundation	1. The general public 2. Medical personnel	☐ Donated THB1.5 million

5.5.2 Community Investments

In pursuing social philanthropy, CDF strives to integrate charity work into its business. A result of the Company's long-term experience in venture capital and private equity businesses, CDIB Capital Innovation Accelerator provides startup entrepreneurs with international scale resources, free event space, and a platform for sharing anytime, anywhere, through various entrepreneurship events. Increased interaction among companies, investors, and startups create a win-win situation for startups, strategic investors, and the Innovation Accelerator Fund performance.

Here's what we accomplished in 2020:

➤ Educational aid

Sponsor	Project	Description	Beneficiary	Highlight
CDF	Asia Youth Forum	Sponsored the first Asia Youth Forum organized by Fair Winds Foundation and NTHU Leadership Program and in partnership with students from 15 colleges and universities	Students from more than 10 countries, including Taiwan, the United States, and Vietnam attended	☐ Donated NT\$0.3 million
CDIB Education and Cultural Affairs Foundation	Heritage 100 X Tutelage 100	Established in 2006, this program provides NT\$50,000 grants to low-income students who complete 100 hours of tutoring of other disadvantaged students. Since the environments in which these volunteers grew up are similar to those of the students they help, the grant recipients were more empathetic and more easily shared their experiences in order to guide the younger students and help them to discover new opportunities in life. In addition to aiding in the underprivileged students' learning, this program helps develop the recipients' empathy and sense of altruism, enhance their ability to express themselves, and shape their outlook on life.	College Students in Poverty	☐ Donated NT\$4.9 million ☐ Supported 100 college students ☐ Benefitted 100 underprivileged children through 10,000 hours of tutoring ☐ Benefitted 100 schools ☐ Donated NT\$70 million that benefitted 2,800 individuals as of today

Sponsor	Project	Description	Beneficiary	Highlight
CDIB Education and Cultural Affairs Foundation	The Flying Elephant in Our Class: Little Talents with Big Futures	☐ Since 2009, this program has nurtured impoverished young talent in music, sports, and the arts throughout elementary and junior high school. This program helps them explore and discover their potential. Over the years, the Foundation has fostered outstanding young talent like NCAA player Oscar Gao and choreographer Jya-ming Li. ☐ CDF created a platform for participants of the Little Flying Elephant Project to exhibit their talent. During the 2020 CDF Little Flying Elephant Summer Camp, Oscar Gao coached basketball and taught the children about the importance of training; he invited CDF employees family members to even play in a game against the camp counselors.	☐ Young, talented individuals and groups of individuals ☐ Underprivileged students, CDF employees and their family members	☐ Donated NT\$1.262 million ☐ Benefitted 101 students ☐ Benefitted 22 schools ☐ Benefitted 27 employees
CDIB Education and Cultural Affairs Foundation	Scholarship for skilled vocational high school students	In the spirit of the Flying Elephant Project, the Foundation set up a Vocational Skills Scholarship program in 2017 to offer long-term support to high school, college, and graduate school students living below the poverty line that encouraged them to stay focused on their aspirations and technical training, and to help them succeed in their future profession.	High school and higher education students living in poverty pursuing formal technical training	☐ Donated NT\$2.45 million in 2020 ☐ Supported 128 students in 2020 ☐ Donated NT\$5.95 million that benefited 356 students as of today
CDIB Education and Cultural Affairs Foundation	Charitable educational grants	An extension of the Foundation's Vocational Skills Scholarship, the program's graduates and beneficiaries are placed in teaching roles at CDF to educate employee and gain experience as class leaders by applying their knowledge and skills. This program has been offering courses in dance, watercolor painting, and guitar every year since 2017.	Underprivileged students and CDF employees and their family members	☐ Benefitted 84 employees and their family members in 2020 ☐ Benefitted 352 employees and their family members as of today
CDIB Education and Cultural Affairs Foundation	Desk calendar	Extending the Flying Elephant Project and the Vocational Skills Scholarship program, the Foundation invited the program's long-term beneficiaries to design CDF's 2020 desk calendar.	Underprivileged students and schools	☐ Supported 27 art students in 2020
China Life	Societal-Minded Young CEO Initiative	For more than 14 years, China Life has been encouraging university students to get	Higher education students, rural school-age children	☐ Supported 725 rural students and residents from 8 colleges and

Sponsor	Project	Description	Beneficiary	Highlight
		involved in charitable activities in order to broaden their horizons and better serve the community. China Life offers to sponsor student's initiatives that support the company's causes to protect the environment, promote education, uplift underprivileged communities, and pursue personal financial and insurance planning advocacy. By becoming involved in charitable causes, these students contribute positively resolving societal problems. Holding charity relays around the country, the initiative will widen the spread of love and affection within society.	and local residents	universities in 2020; having donated more than NT\$1 million to nearly 30 colleges and universities as of today
China Life	Read Across 319 Townships	In the wake of the COVID-19 pandemic, this project was carried out through virtual and physical classrooms. In addition to creating a dance that made healthy eating a cool thing to do, the project worked with elementary schools in rural areas to promote healthy eating and the ways to stop the spreading of germs in order to help students grow healthily. China Life continued donating to education funds that encouraged reading because it has been show to calm students and increase their physical and mental immunity during the pandemic.	School children and teachers from rural areas	☐ China Life worked with 4 schools in rural areas to organize an online and offline dance that promoted healthy eating. The schools also made 2 online videos that promoted rural tourism, which drew the attention of nearly 70,000 viewers. ☐ Donated NT\$0.5 million that benefitted nearly 400 school children and teachers
China Life	Art Education Plan	In the name of charity, China Life brought together art-based social enterprises and cutting-edge, emerging artists to introduce art education to schools in rural areas. In the wake of the COVID-19 pandemic, the project was carried out through virtual and physical integration. Working together with five cutting-edge, emerging artists, nearly 100 school children in rural areas created art for an anti-pandemic campaign. This increased their awareness of epidemic prevention through creation. This project injected smiles, love, and care into society during the pandemic. China Life also then converting the students' artwork into merchandise and souvenirs for	Rural elementary schools, social enterprises, teachers, and cutting-edge, emerging artists	☐ Five cutting-edge, emerging artists worked with nearly 100 school children in rural areas and held three art sessions during the pandemic response campaign in 2020, drawing the attention of more than 800,000 viewers online. ☐ Donated NT\$2.85 million that benefitted 557 students and teachers in 13 elementary schools in rural areas as of today ☐ The Art Education Plan won the Buying Power: Social Innovation Product and Service Procurement

Sponsor	Project	Description	Beneficiary	Highlight
		China Life's 57th anniversary.		Award for a fourth consecutive year in 2020.
China Life	Yu-Cheng Social Welfare Foundation's Art Contest for Children with Special Needs	Supporting the Yu-Cheng Foundation's painting contest for children with mental disabilities for 12 consecutive years, China Life is also committed to promoting the Foundation's gallery that puts the amazing talent of these children with special needs on display.	Children with mental and developmental challenges	☐ Supported more than 6,000 children with mental and developmental challenges and their family members since 2009

➤ Remote communities & special needs organizations

Sponsor	Project	Description	Beneficiary	Highlight
CDIB Education and Cultural Affairs Foundation	Perfect Nutrition	Since 2005, Perfect Nutrition program has subsidized lunch programs in rural elementary and junior high schools in 10 cities and counties across Taiwan. The Company provides support for annual food budgets that supply the necessary nutrition for more than 10,000 school children.	Elementary and junior high schools in rural areas	☐ Donated NT\$4.91 million ☐ Benefitted 10,523 school children ☐ Subsidized 201 schools ☐ Donated NT\$85 million and benefited 0.15 million school children as of today
CDIB Education and Cultural Affairs Foundation	Taipei National Theater and Concert Hall "Zero Distance in Art"	A sponsor of the National Theater and Concert Hall's "Zero Distance in Art" program since 2009, the Foundation has been sponsoring artwork and performances from rural and underprivileged school children and "Heritage 100" volunteers at the National Theater and Concert Hall in order to bridge the urban-rural disparity in art education. In years past, positive feedback has been received from students attending art performances. Due to the pandemic, the project was postponed in 2020.	Underprivileged families and rural school children	☐ Donated NT\$0.1 million
KGI Charity Foundation	Let Love Flower	The "Let Love Flower" program began in 2016 and has been supporting students in economically disadvantaged and rural areas with quality nutrition and English education.	Rural students in poverty	☐ Donated NT\$5.49 million ☐ Subsidized 50 schools in rural areas
China Life	Green Academy Program for Food Safety	Since 2014, China Life has purchased seasonal fruits from small, local, eco-friendly farmers for rural students and students experiencing poverty in order to supply them with the necessary nutrition and increase their environmental awareness.	Rural elementary schools, social enterprises	☐ Supported four rural schools and four social welfare organizations that benefitted more than 500 school children in 2020 ☐ Donated NT\$2.2 million that benefitted more than 2,235 students from 40 rural

Sponsor	Project	Description	Beneficiary	Highlight
				schools and social welfare as of today

➤ Low income & underprivileged households

Sponsor	Project	Description	Beneficiary	Highlight
CDF	Financial Services Public Fund for Education	A supportive program of the Taiwan Financial Services Roundtable to help underprivileged students complete their studies	Underprivileged students	☐ Donated NT\$1 million
CDIB Capital Group	Sponsorship & assistance to Chung Yi Social Welfare Foundation & the children of Chung Yi Orphanage	☐ The 2020 Journal and Notebook Charity Sale ☐ Three charitable events: "Let Children Go to School," "Warm + Accompany + You = WAY: Medical Expenses for Orphans," and "Love Is Power"	Orphaned children	☐ Raised NT\$10,698 from the charity sale in 2020 ☐ Raised NT\$26,400 from three additional charitable events in 2020
KGI Charity Foundation	Love, Starting from Elementary School	Since 2012, the "Love, Starting from Elementary School" scholarship program has provided low-income students with financial aid to ensure their basic human right to education	Students in poverty	☐ Donated NT\$5.43 million ☐ Supported 394 students ☐ Benefitted 115 schools ☐ Since 2012, the Foundation has provided more than NT\$30 million in scholarships to more than 1,000 students in underprivileged families to uphold their rights to education.

➤ Social & micro enterprises and social welfare organizations

Sponsor	Project	Description	Beneficiary	Highlight
China Life	Charity Fairs	Reaching it's 12th year in 2020, charity fairs have evolved from simply a vending platform for eco-friendly, small local farmers and social welfare organizations to display their merchandise to doubling as a talent show for these groups and underprivileged children to share their skills and perform. In 2019 and 2020, China Life released charity fairs coupons, which have been ordered by more than 70% of employees around the country in support for under-served groups and local, eco-friendly farmers.	Social welfare organizations and small, local, eco-friendly farmers	☐ Organized 1 charity fair ☐ Supported 7 social welfare organizations and small, local, eco-friendly farmers ☐ Raising NT\$1.2 million ☐ Up over 20% YoY ☐ Donated NT\$1.5 million that benefitted 14,000 people as of today

5.5.3 Art Cultivation and Commercial Initiatives

In addition to continued support for the cultivation of talent in the arts through events, the Company has also partnered with colleges and universities in order to educate students with first-hand experiences in venture capital and finance. This partnership helps fulfill the Company's corporate social responsibilities, and will help young students develop a better understanding of the Company. In other words, this partnership strengthens our brand image and awareness among the younger generation, and may ultimately attract young people to join the Company in the future. In addition, an online charity donation platform has been launched alongside charitable organizations to support the Sustainable Development Goals (SDG 17) "Partnerships for the Goal" of the United Nations.

Here's what we've accomplished in 2020:

➤ Stakeholder engagement

Sponsor	Project	Description	Beneficiary	Highlight
CDF	2020 Taipei FinExpo	In the 2020 Taipei FinExpo, CDF demonstrated the achievements in financial inclusion and digital financial technology. The Company also released the climate risk assessment model under the "Climate Resilience Practice Alliance" for the first time and shared with the general public its response to climate change, responsible finance practices, and the entire design process of financial products.	The general public and employees	☐ CDF Employees attended the 2020 Taipei FinExpo: (1) CDF offered volunteers paid leave to attend; 84 employees of the Company and subsidiaries participated in the exposition for 484 service hours in total. (2) Six seminars were organized in the exposition to train 48 employees of the Company and subsidiaries.

➤ Arts cultivation and educational aid

Sponsor	Project	Description	Beneficiary	Highlight
CDIB Education and Cultural Affairs Foundation	Artist Nurturing	The Foundation sponsored a variety of performance events, including the Taiwan International Art Festival (TIFA), to improve CDF's brand image.	Art and culture groups, schools, and employees	☐ Donated NT\$2 million
CDIB Education and Cultural Affairs Foundation	Taipei National Theater and Concert Hall "Philosophy of Art"	The Foundation sponsored Taipei National Theater and Concert Hall's "Philosophy of Art" in 2020 to prompt discussions of art in senior high schools. A total of 11 seminars are scheduled for 2021 and will focus on in-depth dialogues with students about their thoughts on art.	Senior high school students	☐ Donated NT\$0.2 million
CDIB Education and Cultural Affairs Foundation	National Taichung Theater "Open House Project" and NTT Academy	The Foundation has sponsored the project since 2017, inviting rural students in Taichung, Changhua, Nantou, and Chiayi to appreciate performance art in the opera house. NTT Academy launched 2019 to offer training courses for high-school students interested in performing	Elementary and junior high-school students in rural areas and high-school students	☐ Donated NT\$0.5 million ☐ Benefitted 300 students ☐ Benefitted 7 schools ☐ Donated NT\$2 million that benefitted 1,076

Sponsor	Project	Description	Beneficiary	Highlight
		arts, and those seeking to pursue a career in performing arts administration.		students from 28 schools as of today
CDIB Capital Management Corporation/C DIB Capital International Corporation (CCIC)	Worked with MIT to help Taiwanese start ups enter overseas markets	CDIB Capital Management Corporation and CCIC sponsored the MIT Entrepreneurship and Maker Skills Integrator (MEMSI) project and "Demo Day" organized by MIT Hong Kong Innovation Node. These projects promoted the cooperation between start ups in Taiwan and the U.S. This helped Taiwanese start ups enter overseas markets, which will increase their global visibility and the Group's overall market presence overseas.	Students of MIT & HKU, etc.	☐ Sponsored MEMSI with US\$100,000 in financial support and organized MEMSI Demo Day on January 18, 2020, where 34 teams made up of business and engineering students from the University of Hong Kong and MIT were selected to make presentations. These events helped students realize their ideas while increasing CDF's visibility and corporate image in overseas markets.
KGI Securities	Sponsorship program for Rongshing Cultural Foundation	Music education	Rongshing Cultural Foundation	☐ Enhanced brand awareness and media exposure ☐ Donated NT\$0.2 million ☐ Benefitted 130 individuals

➤ Social & micro enterprises

Sponsor	Project	Description	Beneficiary	Highlight
CDF	Strategic partnership with AAMA Taipei Cradle Program	By building a long-term strategic partnership with the AAMA Taipei Cradle Program, supporting promising start ups, and mentoring each season's shortlisted entrepreneurs, CDF not only gains a solid footing in the incubation center's ecosystem, but also builds it start-up network, which provides opportunities that may become mutually beneficial long-term business relationships.	Entrepreneurs shortlisted by the AAMA Taipei Cradle Program	☐ Coordinating with AAMA to set up incubation, the Accelerator hosted AAMA's season 9 final elimination on May 23, 2020 and selected 26 start ups that have huge potential. ☐ Start ups continue to benefit from group resources and generate cross-selling synergies. In 2020, 11 AAMA start ups completed cross-selling transactions, namely, AAMA Taipei, Grandi Inc., StoryTable, CONNEX, Sinstar I Investment, Sinstar II Investment, CM Square Taiwan Limited, ART Solutions Limited, Easee Globe, Mr.

Sponsor	Project	Description	Beneficiary	Highlight
				Living, and Mr. Living Personal Account.
CDIB Capital Group	CDIB Capital Innovation Accelerator	The CDIB Capital Innovation Accelerator Fund has built the largest innovation and start up platform in Taiwan. Eyeing roles as both a principal investor and incubator, the Fund offers top-of-the-line professional investment services, in addition to corporate matching, physical networking space, mentorship, start up courses, and more. This Fund provides start ups and investors the resources they need for growth and make Accelerator a springboard for competing on the world stage. The platform also provides CDF access to start ups with huge potential to add to its portfolio.	Social enterprises and start-up companies	☐ Invested in 18 start-ups as of today ☐ Held 15 one-day start up Board of Directors meetings under the exclusive investee mentorship program, and organized 2 start up afternoon tea sessions ☐ Held 84 innovation and start up forums in the Accelerator's free networking space, which were attended by 2,024 participants
KGI Bank	Online Charity Donation Platform	Considering that many small- and medium-sized charities have no funds or manpower to set up an online donation platform, KGI Bank was Taiwan's first bank to launch an online charity donation platform through FinTech in 2017. Collaborating with 28 nonprofit organizations in Taiwan, KGI Bank provides a safe and reliable modular fundraising platform free of charge to social-welfare groups that are raising funds required for business development; in addition, the platform enables non-profit organizations to gain exposure and encourage customers turn their concern into action by making donations through credit/ATM cards.	28 charities	☐ Supported 1,015 donations for a total of nearly NT\$2 million as of today ☐ Donation value increased 64% YoY ☐ Benefited 28 charities
KGI Bank	Online donations via KGI inside	The Application Programming Interface (API) "KGI inside" is an open API that has enabled 17 social welfare organizations to connect Financial Information Service Co., Ltd.'s e-Bill and Tax Online platforms, effectively reducing the fees payable to financial institutions for each online donation.	Social welfare organizations	☐ Processed nearly 68,000 donations of over NT\$80 million through KGI inside from February to December 2020 ☐ Significantly reduced the fees charged to 17 social welfare organizations by 78%, allocating more resources to those in need
KGI Bank	Donation to SME Credit Guarantee Trust Fund	Long-standing support for SMEG Fund, and for micro and social enterprises in so far as their qualifications for credit guarantees and access to loans	Micro and social enterprises	☐ Donated NT\$28,274,995

5.5.4 Employee Engagement

Employees the company's biggest asset and the important partners for sustainable development. The Company calls on employees to spontaneously spread love and jointly create a harmonious and sustainable social value.

Here's what we've accomplished in 2020:

➤ Volunteering for social service

Sponsor	Project	Description	Beneficiary	Highlight
China Life	Love to Go Volunteer Team	Established in 2012, the Love to Go Volunteer Team brings China Life's "We Share, We Link" value to life by working closely with 10 social welfare organizations that offer services like helping the disabled adapt to new environments, fostering orphaned children, and keeping under-served seniors company, cleaning up the beach and making donations of goodwill products, etc. To encourage employee participation, China Life began offering one day of volunteer leave each year starting in 2014. Teams and team leaders who demonstrate their commitment are honored and rewarded every quarter, which helps shore up continued participation.	Individuals with disabilities, orphaned children, underprivileged seniors, etc.	❑ Back-office and field employees volunteered for a total of 19,559 hours that benefited 68,106 individuals.
KGI Bank	KGI Volunteer Day	In collaboration with the United Way of Taiwan, KGI Bank created Volunteer Day, which offers participants one day of paid leave to volunteer. This encourages employees to spend time providing companionship to the elderly at senior care centers in Taipei, Taichung and Kaohsiung.	350 seniors from senior care centers	❑ A total of 1,388 employees have volunteered for 5,552 service hours since KGI Volunteer Day kicked off in 2013. ❑ A total of 28 employees volunteered for 112 service hours in 2020. (Note) (Note: In the wake of the COVID-19 pandemic, volunteering at senior care centers has been suspended since February 2020.)
China Life	Accessibility holiday	In addition to purchasing food from local farmers, China Life brought local young farmers into rural elementary schools and orphanages. These farmers supplied organic rice and taught food education so that rural children, already in close proximity to nature, were able to appreciate the idea of eating well and living in harmony with nature.	Families of individuals with disabilities and the elderly	❑ Served 27 caregivers from 10 disabled families

➤ Remote communities

Sponsor	Project	Description	Beneficiary	Highlight
CDIB Education and Cultural Affairs Foundation	Lunch Dates	CDF staff visited schools in rural areas with insufficient funding to serve as one-day volunteers during lunch time, providing extra food for students and teachers. In 2020, the president of KGI Bank led a team to Liyu Elementary School in Miaoli County to prepare Halloween dinner for school children.	Elementary students and teachers from rural areas	☐ Volunteered 120 service hours ☐ Benefitted 84 students and teachers
KGI Charity Foundation	Gift Shoebox of Love	KGI Securities staff collected shoebox presents during winter, sending their loving thoughts to children in rural areas. In 2020, all employees across the Group were called on to collect shoebox presents for children in six rural schools across Yunlin, Chiayi, and Pingtung. All shoebox presents collected were given to the children by KGI Charity Foundation.	Children from six rural schools across Yunlin, Chiayi, and Pingtung	☐ Collected and handed out more than 400 shoebox gifts ☐ 400 employees participated

➤ Collective buying from social welfare organizations and social enterprises

Sponsor	Project	Description	Beneficiary	Highlight
CDIB Education and Cultural Affairs Foundation	Annual Charity Day Event	Social enterprises and charity group partners set up merchandise booths at annual charity fairs To boost purchases, the Foundation provides promotional pre-sale subsidized coupons in limited quantity. On January 20, 2021, 14 shelter workshops, social enterprises, and local farmers sold their specialties, like golden potatoes, to support the class of a rural elementary school in Yunlin. The charity fair grossed NT\$1.12 million in sales.	Social enterprises and social welfare organizations	☐ 800 employees attended Grossed NT\$1.12 million in sales
CDIB Education and Cultural Affairs Foundation	Bread Love	Ever since the charity bakery launched in 2014, CDF employees have made a commitment to placing monthly orders, wherein they receive a bag of baked goods. A reliable volume and steady stream of orders are key for these sheltered workshops to sustain operations. These orders not only provide salary to staff at workshops like Hsinchu's Huakuang Social Welfare Foundation staff their salary, but also enable continued opportunities for workshop staff to gain hands-on experience.	Students with physical or mental disabilities	☐ Raised NT\$0.28 million ☐ Benefitted 200 students and teachers ☐ Called on 200 employees for group buying
KGI Securities	Bread Love	KGI Securities purchases baked products from two sheltered workshops every month, and donates some of the items to	☐ Bakery chefs with disabilities living in sheltered homes	☐ Purchased bread worth NT\$0.71 million ☐ Benefitted 33 students and teachers

Sponsor	Project	Description	Beneficiary	Highlight
		orphanages and food banks to maximize love and affection.	☐ Elderly living alone ☐ Orphaned children ☐ School children living in poverty or rural areas	from shelter workshops ☐ Donated baked goods to 50 orphans ☐ Donated baked goods to 145 elderly living alone ☐ Calling on 595 employees to participate
China Life	Charitable Group Buying	Using the term payment model common to the insurance industry, China Life encourages employees to participate in charitable group buying activities in order to provide long-term support and steady income to underprivileged groups including eco-friendly micro-farmers. This program makes charitable deeds more affordable and easier to turn into action. After an order is placed, employees can choose to keep or donate to charity.	☐ Underprivileged groups ☐ Eco-friendly micro-farmers ☐ Social welfare organizations	☐ Orders exceeded NT\$1.62 million in 2020, yielding nearly NT\$600,000 worth of resources to social welfare organizations.

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

In 2020, the total number of non-executive full-time employees was 7,194 up 2.3% YoY. The average annual compensation was NT\$1.268 million, up 13.4% YoY. The median annual compensation for non-executive full-time employees was NT\$1.026 million, up 11.9% YoY.

5.7 Information Technology Facilities

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

5.7.1 Software and hardware configurations and maintenance

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

Operating information systems are categorized by business as follows:

1. China Life

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

2. KGI Bank

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

3. KGI Securities

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

4. CDIB Capital

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

5.7.2 Future development or procurement plans

In consideration of the corporate outlook and regulatory compliance, IT development and installation projects in 2020 included the following:

1. CDF

- Backbone network update
- Email platform conversion

2. China Life

- iAgent optimization
- AI R&D
- Policy digital process system (PDPS) and process platform
- Policyholder and channel APP
- Robotic process automation (RPA)
- Cloud e-Learning platform

3. KGI Bank

- Internet banking and mobile banking
- Official website
- New financial market system
- New credit card system
- Trust pledge and trust accounting system
- Personal information protection enhancement
- Digital authentication
- Personal data scanning
- Server configuration compliance testing
- Computer system information security assessment
- Enhancement of monitoring and warning systems

- Replacement and expansion of IT infrastructure
- AD information security enhancement

4. KGI Securities

- Group digital transformation
- Remote backup enhancement
- Information service monitoring center
- Network segmentation
- Test automation tools
- Continuous monitoring and horizontal endpoint monitoring for mobile devices
- Robotic process automation (RPA)
- Integrated account opening platform
- HTS Platform upgrade

5. CDIB Capital

- Cloud email platform
- Subsidiary information security enhancement

5.7.3 Emergency backup and security measures

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

- In order to ensure the stability data center operations, CDF has established a continuous backup for systems, networks, and electrical and mechanical facilities. Each major system has its own a storage policy based on data storage characteristics. CDF has also defined recovery measures related to the importance level the systems, and has a remote backup center that carries out disaster recovery drills on a regular basis.
- China Life became BS10012 PIMS (Personal Information Management System) certified at the end of 2020.
- CDF's information security management framework is based on ISO27001:2013 (Information Security Management System, ISMS). In 2020, CDF and its subsidiaries retained ISO27001 ISMS certification. In September 2020, CDF and KGI Bank were ISO27001 ISMS re-certified for their extended scope of IT systems. China Life and KGI Securities were also re-certified in 2020.
- In order to enhance information security governance, CDF established its Information Security Department as a unit dedicated to information security. The department is in charge of CDF's entire information security governance, planning, supervision, and implementation; in addition discussing the information security governance of the subsidiaries and reporting to the Board of Directors, the Information Security Department builds works to develop a full range of information security capabilities and ensure information security awareness across departments and employees.

5.8 Labor Relations

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

1. The Company runs a staff cafeteria catered by professional cooks to provide employees with healthy, nutritional, and delicious lunch options.
2. The Company provides employees with Labor Insurance and National Health Insurance coverage as required by law. Apart from the statutory insurance policies, the Company also offers group insurance coverage for life, accident and hospitalization, and allows employees' spouses, underage children, and parents to be included in group accident and hospitalization coverage.
3. The Company's retirement policy has been established in accordance with the Labor Standards Act, which requires that the Company make monthly pension contributions into employees' personal accounts held under the Labor Pension Supervisory Committee. The Labor Pension Act went into effect beginning July 1, 2005 and prescribes the following rules:
 - (1) All employees who begin their employment on or after July 1, 2005, shall be subject to the Labor Pension Act.
 - (2) Employees who began their employment before July 1, 2005 (exclusive) may choose to elect the Labor Pension Act or the Labor Standards Act for their pension system. This selection must be made within five years from July 1, 2005, otherwise the Labor Standards Act becomes the default the pension system.
4. The Company places great emphasis on employees' work-life balance. It offers annual leave packages that are superior to what is required in Labor Standards Act, and prepares regular reports to help line managers understand the leaves taken by their subordinates.
5. The Company values employees' physical health, which is why it offers one subsidized health check every two years for employees below the age of 40, and one subsidized health check every year for employees aged 40 and above. The Company also allows employees to take a paid leave of absence to undergo health checks.
6. The Company organizes health seminars to promote employees' knowledge of health-related topics such as food safety, cancer prevention, weight control, and maintaining a healthy digestive system.
7. The Company has assembled an Employee Welfare Committee to provide following benefits, subject to budget availability:
 - (1) Holiday bonuses and gifts
 - (2) Wedding, funeral and birth subsidies
 - (3) Scholarship for employees' children
 - (4) Employee tour subsidies
 - (5) Birthday gift
 - (6) Injury/illness remedies
 - (7) Club event subsidies
 - (8) Film screening
 - (9) Employee Family day
 - (10) Shopping discounts

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

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

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

Company	Punishment Date and Letter No.	Articles Violated	Sanctions and Punishment
KGI Bank	Letter No. 10960674862 from Taipei City Government November 6, 2020	Paragraphs 1 and 2, Article 24 of the Labor Standards Act	Penalty of NT\$300,000 due to no overtime payment to employees with extended working hours (violation of Paragraph 1, Article 24 of the Labor Standards Act) Penalty of NT\$20,000 due to no overtime payment to employees working on holidays (violation of Paragraph 2, Article 24 of the Labor Standards Act)

5.8.3 Working environment and employee safety measures

As part of its social responsibility, the Company aims to provide employees with a safe, healthy, and comfortable work environment. The Company devotes itself to implementing labor safety and health policies and helping its employees maintain the right mindset and their physical and mental health. Some of the actions taken are as follows:

1. **Enhanced training on workplace safety and health to reduce dangers and hazards at work**
To create a safe and healthy work environment, CDF has set up a labor safety and health agency to conduct labor safety training sessions. CDF also conducts regular inspections of the lighting systems, CO2 levels, and the turbidity, pH, and E. coli of drinking water in the office. The Company also ensures regular cleaning of water tanks and AC cooling towers.
2. **Insurance, medical examinations and Employee Welfare Committee**
In addition to providing Labor Insurance, National Health Insurance and group insurance coverage, the Company also arranges regular medical examinations for employees. Major subsidiaries also hire or contract professional nurses and doctors to oversee programs that enhance employee health and the prevention of occupational hazards. To ensure that employee welfare is maintained, CDF set up an Employee Welfare Committee that is in charge of employee benefits, including allowances for weddings and funerals, scholarships for employees' children, relief for hospitalized employees, and emergency assistance.
3. **Conducting regular fire safety drills and training courses to strengthen disaster preparedness and**

response mechanisms

The Company and subsidiaries have devised disaster response plans and engaged in fire safety equipment maintenance and reporting in accordance with the regulations. CDF and its subsidiaries implement regular fire safety drills, and organized employees into teams per various functions such as fire, security, communications, and rescue.

4. Strict access control to ensure office security

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

5. In response to the government policy, the Company has set up breastfeeding rooms in main office buildings and obtained relevant certification.

5.9 Material Contracts

◎ CDF

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

◎ China Life

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Reinsurance Contracts	Central Reinsurance Corporation	Since October 31, 1968	Reinsurance treaties(for Life, PA, Group, and CAT)	None
Reinsurance Contracts	Munich Reinsurance Company	Since January 1, 1975	Reinsurance treaties(for Life and Health)	None
Reinsurance Contracts	General Reinsurance AG	Since January 1, 1994	Reinsurance treaties(for Life, PA, and Health)	None
Reinsurance Contracts	Swiss Re Asia Pte. Ltd.	Since June 1, 1992	Life reinsurance treaty	None
Reinsurance Contracts	RGA Global Reinsurance Company Limited	Since January 1, 2003	Reinsurance treaties(for Life and Health)	None
Reinsurance Contracts	Scor Reinsurance Company (Asia) Ltd.	Since August 1, 1993	Reinsurance treaties(for Life, and Health)	None
Reinsurance Contracts	Hannover Reinsurance Company	Since November 1, 2009	Reinsurance treaties(for Life, Health and CAT)	None

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Reinsurance Contracts	The TOA Reinsurance Company	Since January 1, 2016	Reinsurance treaties(for Life, PA and Group)	None
Reinsurance Contracts	SCOR SE	Since January 10, 2002	Reinsurance treaties(for Life, and Health)	None
establish the superficies	Northern Region Branch of National Property Administration of Ministry of Finance	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None
establish the superficies	Political Warfare Bureau of Ministry of National Defense	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None
Construction Contract	Chung-Lu Construction Co., Ltd.	From December 16, 2016 to completion date.	Taipei Academy New Construction Contract	None
Amendment to Construction Contract	Chung-Lu Construction Co., Ltd.	From March 1, 2017 to completion date.	First Amendment to Taipei Academy New Construction Contract (for revision of total price)	None

◎ **KGI Bank**

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

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Consolidated Condensed Balance Sheet

Unit : NT\$ 1,000

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	100,196,911	97,636,786	86,038,806	129,444,209	147,893,829	N/A
Financial assets at fair value through profit or loss	159,280,102	125,949,607	374,931,034	492,082,632	543,495,816	
Available-for-sale financial assets	106,359,065	558,889,116	—	—	—	
Financial assets at fair value through other comprehensive income	—	—	485,335,934	539,623,924	712,962,077	
Debt investments measured at amortized cost	—	—	970,536,279	1,028,887,835	1,064,332,087	
Financial assets for hedging	—	—	—	—	102,479	
Securities purchased under resell agreements	29,883,158	55,150,889	39,770,534	46,789,881	50,409,959	
Receivables, net	92,190,214	100,219,420	101,604,537	104,305,699	138,709,584	
Current tax assets	855,145	745,603	1,168,303	759,762	705,864	
Discount and loans, net	252,376,992	325,147,363	369,131,396	376,535,852	408,444,192	
Reinsurance assets, net	—	302,104	534,353	533,134	740,256	
Held-to-maturity financial assets, net	300,000	198,886,022	—	—	—	
Investments accounted for using the equity method, net	12,675,804	16,375,012	16,102,926	17,403,840	15,175,924	
Other financial assets	64,285,076	752,610,493	103,675,320	121,187,047	146,096,553	
Investment property, net	2,179,356	25,450,094	25,432,420	25,341,556	29,953,756	
Property and equipment, net	14,512,916	30,880,691	31,717,297	34,904,312	35,343,870	
Right-of-use assets, net	—	—	—	18,548,919	14,049,764	
Intangible assets, net	7,948,378	22,169,720	21,171,147	20,441,634	19,537,371	
Deferred tax assets	4,912,053	9,081,862	12,652,560	9,888,920	12,399,965	
Other assets, net	44,242,339	73,029,608	78,011,982	60,608,848	94,265,129	
Total assets	892,197,509	2,392,524,390	2,717,814,828	3,027,288,004	3,434,618,475	
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	31,078,769	28,867,956	22,434,914	24,560,878	12,186,960	
Financial liabilities at fair value through profit or loss	51,565,266	55,729,704	87,786,725	94,068,987	116,142,567	

Year Item		Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial liabilities for hedging		—	—	—	—	641,307	
Notes and bonds issued under repurchase agreements		119,560,443	100,177,627	125,478,900	96,137,331	134,864,245	N/A
Commercial paper payable, net		17,549,797	20,549,392	14,985,902	12,634,684	11,564,804	
Payables		60,337,328	85,630,607	79,293,203	86,839,670	103,096,646	
Current tax liabilities		826,620	5,443,513	967,872	1,168,811	4,143,209	
Deposits and remittances		315,451,964	362,729,069	398,286,010	395,861,002	486,707,951	
Bonds payable		27,684,236	30,000,000	31,150,000	42,450,000	62,981,293	
Other borrowings		19,878,458	25,704,261	18,818,061	20,968,007	24,793,519	
Provisions		1,373,667	1,288,449,104	1,557,304,939	1,742,247,176	1,902,468,183	
Other financial liabilities		62,753,830	109,126,375	121,887,440	149,722,533	163,252,229	
Lease liabilities		—	—	—	5,615,681	4,454,005	
Deferred tax liabilities		1,487,885	9,391,454	7,275,275	12,933,858	15,311,370	
Other liabilities		15,552,208	21,501,190	28,582,681	45,614,232	59,384,100	
Total liabilities	Before distribution	725,100,471	2,143,300,252	2,494,251,922	2,730,822,850	3,101,992,388	
	After distribution	732,588,342	2,152,274,629	2,498,741,717	2,739,805,509	(Note 4)	
Equity attributable to owners of the parent							
Capital	Before distribution	149,744,213	149,768,196	149,633,560	149,684,080	149,732,712	
	After distribution	149,744,213	149,768,196	149,633,560	149,684,080	(Note 4)	
Capital surplus		1,104,521	1,173,719	1,630,992 (Note 3)	1,093,745	1,627,728	
Retained earnings	Before distribution	16,798,782	20,870,156	22,095,706	30,976,678	34,190,500	
	After distribution	9,310,911	11,895,779	18,429,040	21,994,019	(Note 4)	
Other equity		(1,782,652)	73,567	(10,522,131)	8,907,903	18,363,815	
Treasury shares		(2,376,747)	(4,205,566)	(3,605,444)	(3,137,278)	(1,178,647)	
Non-controlling interests		3,608,921	81,544,066	64,330,223	108,940,026	129,889,979	
Total equity	Before distribution	167,097,038	249,224,138	223,562,906	296,465,154	332,626,087	
	After distribution	159,609,167	240,249,761	219,073,111	287,482,495	(Note 4)	

Note 1: Financial statements of CDF in 2016 to 2020 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2021 have not been reviewed by CPA.

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

Note 4: Distribution for earnings in 2020 has not yet been resolved by the shareholder's meeting.

6.1.2 Unconsolidated Condensed Balance Sheet

Unit : NT\$1,000

Year Item		Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Cash and cash equivalents		1,357,441	1,014,547	4,570,426	2,914,480	14,873,993	N/A
Financial assets at fair value through profit or loss		—	—	471,765	—	—	
Available-for-sale financial assets		1,199,734	1,344,910	—	—	—	
Receivables, net		115	4,689	50,567	49,216	1,568,478	
Current tax assets		1,436,182	1,234,121	1,881,337	2,013,945	2,612,264	
Investments accounted for using the equity method, net		186,391,735	200,445,118	185,756,820	214,485,554	223,898,679	
Other financial assets		300	300	500,300	300	300	
Right-of-use assets, net		—	—	—	6,285	22,160	
Property and equipment, net		9,906	21,488	28,054	45,078	57,526	
Other assets, net		541,742	29,946	33,988	37,747	70,357	
Total assets		190,937,155	204,095,119	193,293,257	219,552,605	243,103,757	
Commercial paper payable		3,999,774	9,899,365	9,898,975	3,849,741	5,449,715	
Payables		554,345	699,065	722,528	937,194	1,167,545	
Current tax liabilities		857,328	472,630	1,129,319	418,779	1,411,995	
Bonds payable		18,000,000	22,000,000	19,000,000	23,000,000	29,000,000	
Other borrowings		3,999,892	3,299,950	3,299,951	3,799,796	3,299,531	
Provisions		37,290	41,362	6,946	12,807	14,440	
Lease liabilities		—	—	—	6,555	21,770	
Other liabilities		409	2,675	2,855	2,605	2,653	
Total liabilities	Before distribution	27,449,038	36,415,047	34,060,574	32,027,477	40,367,649	
	After distribution	34,936,909	45,389,424	38,550,369	41,010,136	(Note 4)	
Capital	Before distribution	149,744,213	149,768,196	149,633,560	149,684,080	149,732,712	
	After distribution	149,744,213	149,768,196	149,633,560	149,684,080	(Note 4)	
Capital surplus		1,104,521	1,173,719	1,630,992(Note 3)	1,093,745	1,627,728	
Retained earnings	Before distribution	16,798,782	20,870,156	22,095,706	30,976,678	34,190,500	
	After distribution	9,310,911	11,895,779	18,429,040	21,994,019	(Note 4)	
Other equity		(1,782,652)	73,567	(10,522,131)	8,907,903	18,363,815	
Treasury shares		(2,376,747)	(4,205,566)	(3,605,444)	(3,137,278)	(1,178,647)	
Total equity	Before distribution	163,488,117	167,680,072	159,232,683	187,525,128	202,736,108	
	After distribution	156,000,246	158,705,695	154,742,888	178,542,469	(Note 4)	

Note 1: Financial statements of CDF in 2016 to 2020 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2021 have not been reviewed by CPA.

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

Note 4: Distribution for earnings in 2020 had not yet been resolved by the shareholder's meeting.

6.1.3 Consolidated Condensed Statement of Comprehensive Income

Unit : NT\$1,000

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Interest revenues	11,391,971	27,465,994	64,564,921	73,119,570	72,343,871	N/A
Interest expenses	(4,332,469)	(5,395,582)	(7,982,593)	(9,642,040)	(5,639,918)	
Interest profit, net	7,059,502	22,070,412	56,582,328	63,477,530	66,703,953	
Noninterest profits and gains, net	20,068,226	63,343,239	195,767,549	175,850,032	158,086,500	
Net revenues	27,127,728	85,413,651	252,349,877	239,327,562	224,790,453	
Reversal of allowance (allowance) for bad debts and losses on commitment and guarantees, net	(751,478)	(613,750)	(45,761)	(347,979)	(364,663)	
Net change in reserve for insurance liabilities	—	(48,277,392)	(213,695,965)	(191,941,972)	(174,464,035)	
Operating expenses	(19,265,421)	(22,002,711)	(25,166,272)	(25,471,804)	(28,013,362)	
Net profit before income tax from continuing operations	7,110,829	14,519,798	13,441,879	21,565,807	21,948,393	
Income tax expense	(1,123,925)	(2,154,331)	(627,239)	(1,911,986)	(1,272,107)	
Net profit from continuing operations	5,986,904	12,365,467	12,814,640	19,653,821	20,676,283	
Net income	5,986,904	12,365,467	12,814,640	19,653,821	20,676,283	
Other comprehensive income for the year, net of income tax	802,045	4,499,766	(35,062,270)	50,599,660	25,625,929	
Total comprehensive income for the year	6,788,949	16,865,233	(22,247,630)	70,253,481	46,302,215	
Net profit attributable to owners of parent	5,923,081	11,695,285	7,852,688	12,795,690	12,655,277	
Net profit attributable to non-controlling interests	63,823	670,182	4,961,952	6,858,131	8,021,009	
Total comprehensive income attributable to owners of parent	6,736,201	13,408,973	(4,995,817)	32,007,360	21,658,668	
Total comprehensive income attributable to non-controlling interests	52,748	3,456,260	(17,251,813)	38,246,121	24,643,547	
Earnings per share(In dollar)	0.40	0.80	0.54	0.88	0.87	

Note 1: Financial statements of CDF in 2016 to 2020 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2021 have not been reviewed by CPA.

6.1.4 Unconsolidated Condensed Statement of Comprehensive Income

Unit : NT\$ 1,000

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Share of the profit of subsidiaries, associates and joint ventures	6,787,470	12,687,096	9,353,789	14,177,282	14,727,565	N/A
Other revenues and gains	68,441	51,725	19,686	54,167	44,581	
Operating expenses	(807,444)	(1,026,932)	(993,269)	(1,200,044)	(1,329,390)	
Other expenses and losses	(304,713)	(338,275)	(547,105)	(411,211)	(384,293)	
Net profit before income tax from continuing operations	5,743,754	11,373,614	7,833,101	12,620,194	13,058,463	
Income tax benefit (expense)	179,327	321,671	19,587	175,496	(403,186)	
Net profit for the year	5,923,081	11,695,285	7,852,688	12,795,690	12,655,277	
Other comprehensive income for the year, net of income tax	813,120	1,713,688	(12,848,505)	19,211,670	9,003,391	
Total comprehensive income for the year	6,736,201	13,408,973	(4,995,817)	32,007,360	21,658,668	
Earnings per share(In dollar)	0.40	0.80	0.54	0.88	0.87	

Note 1: Financial statements of CDF in 2016 to 2020 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2021 have not been reviewed by CPA.

6.1.5 Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA	Audit Opinion
2020	Deloitte & Touche	Mei-Hui Wu Kwan-Chung Lai	Unqualified Opinion
2019	Deloitte & Touche	Mei-Hui Wu Kwan-Chung Lai	Unqualified Opinion
2018	Deloitte & Touche	Mei-Hui Wu Cheng-Hung Kuo	Unqualified Opinion
2017	Deloitte & Touche	Mei-Hui Wu Cheng-Hung Kuo	Unqualified Opinion
2016	Deloitte & Touche	Mei-Hui Wu Cheng-Hung Kuo	Unqualified Opinion

6.2 Five-Year Financial Analysis

Consolidated Financial Analysis

Unit : NT\$ 1,000 ; %

Year Item			Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 3)
			2016	2017	2018	2019	2020	
Operating ratio	Total assets turnover (Times)		0.03	0.05	0.10	0.08	0.07	N/A
	Ratio of loans to deposits (KGI Bank)		74.55	79.07	80.69	82.41	74.43	
	NPL ratio (KGI Bank)		0.34	0.21	0.17	0.17	0.16	
	Average revenue per employee		3,585	6,842	19,898	19,137	17,533	
	Average net income per employee		791	991	1,010	1,572	1,613	
Profitability ratio	Ratio of return on total assets (%)		0.68	0.75	0.50	0.68	0.64	
	Ratio of return on stockholders' equity (%)		3.57	5.94	5.35	7.56	6.57	
	Profit margin ratio (%)		22.07	14.48	5.08	8.21	9.20	
	Basic Earnings per share(in dollar)		0.40	0.80	0.54	0.88	0.87	
Financial structure (%)	Ratio of debt to assets		81.27	89.58	91.77	90.21	90.32	
	Ratio of debt to net worth		433.94	859.99	1,115.68	921.13	932.58	
	Double Leverage Ratio of Financial Holding Company		114.74	120.34	116.95	114.38	110.44	
	According to Article 41 of Financial Holding Company Law		(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
Leverage ratio	Operating leverage ratio		1.31	4.49	17.08	10.07	9.12	
	Financial leverage ratio of Financial Holding Company		1.05	1.03	1.05	1.03	1.03	
Ratio of growing	Ratio of assets growing		2.94	168.16	13.26	11.39	13.46	
	Ratio of income growing		(24.70)	104.19	(7.42)	60.44	1.77	
Cash flow	Cash flow ratio		(Note 6)	20.94	35.95	38.97	41.98	
	Cash flow adequacy ratio		(Note 6)	1.10	17.47	26.18	32.25	
	Cash flow content ratio		(Note 6)	249.82	102.82	145.34	105.39	
Operating Scale	Market share of assets		2.08	4.56	4.85	5.04	5.21	
	Market share of equity		5.41	6.70	6.06	6.67	6.78	
	Market share of deposit(KGI Bank)		0.92	0.94	1.05	0.99	1.10	
	Market share of assets loans(KGI Bank)		0.92	1.03	1.12	1.09	1.14	
Capital Adequacy Ratio	Subsidiaries' Capital Adequacy Ratio calculated by regulation	KGI Bank	13.23	14.18	13.39	15.38	14.81	
		KGI Securities	329	295	327	336	282	
		CDIB Capital Group	148.43	(Note 7)	(Note 7)	(Note 7)	(Note 7)	
		China Life Insurance	(Note 8)	350	272	305	288	
	Qualified capital of subsidiaries	KGI Bank	53,986,254	57,719,776	63,912,516	73,132,603	77,141,605	
		KGI Securities	17,895,797	18,167,949	19,780,482	23,161,337	25,496,473	
		CDIB Capital Group	20,910,410	52,975,226	47,686,090	42,672,343	34,769,285	
		AMC	(Note 9)	2,421,554	2,358,918	2,597,981	1,457,440	
		China Life Insurance	(Note 8)	28,422,520	28,048,402	37,487,589	45,359,178	

Item \ Year			Financial Summary for The Last Five Years (Note1)					As of March 31, 2021 (Note 3)
			2016	2017	2018	2019	2020	
	Net Group qualified capital		69,883,202	110,250,824	119,768,805	136,906,856	157,175,470	
	Legal requirement of subsidiaries' capital	KGI Bank	35,206,376	37,661,494	47,125,976	49,915,933	54,698,422	
		KGI Securities	8,151,174	9,237,377	9,081,894	10,346,016	13,542,980	
		CDIB Capital Group	1,215,027	27,081,901	24,636,062	22,121,983	18,892,734	
		AMC	(Note 9)	1,627,981	1,595,846	1,401,765	842,791	
		China Life Insurance	(Note 8)	16,262,902	20,653,219	24,587,139	31,525,054	
	Legal requirement of group capital		232,710,468	293,713,849	289,929,125	322,984,021	345,090,741	
	Group Capital Adequacy Ratio		150.87	118.21	114.97	126.18	129.69	
Endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law		The same Customer	114.16	249.75	331.78	879.60	896.08	
		The same Group	22.29	71.27	206.23	493.70	520.60	
Reasons for changes in financial ratios in the recent 2 years:								
1. The decrease of ratio of income growing was mainly due to the decrease of net profit before income tax of 2020.								
2. The increase of cash flow adequacy ratio was mainly due to the increase of net cash flows generated from operating activities of 2020.								
3. The decrease of cash flow content ratio was mainly due to the increase of cash flows used in investing activities of 2020.								

Note 1 : Financial statements of CDF in 2016 to 2020 were audited.

Note 2 : None.

Note 3 : As of the publication date, the financial statements of the first quarter of 2021 have not been reviewed by CPA.

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

1. Operating ratio

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

2. Profitability ratio

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

3. Financial structure

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

4. Leverage ratio

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

5. Ratio of growing

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

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

6. Cash flow

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

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

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

7. Operating Scale

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

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

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

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

8. Capital adequacy Ratio

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

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

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

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

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

Note 6 : The net cash flow ratio is not calculated because the numerator or denominator is negative.

Note 7 : On May 1, 2015, CDF's board of the directors approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDF and (b) CDF's holdings of shares in CDF's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation. On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and CDF will continue to expand its assets management business.

Note 8 : On August 15, 2017, CDF's board of directors approved the acquisition of 25.33% shares of China Life Insurance through public tender offer. After CDF acquired shares through public tender offer, China Life Insurance became a subsidiary of CDF as defined by the Financial Holding Company Act. On March 25, 2019, CDF's board of directors approved to apply for the participation of capital increase by cash of China Life Insurance. After CDF acquired ordinary shares, CDF holds 26.17% of the ordinary shares of China Life Insurance. On November 27, 2020, CDF's board of directors approved the acquisition of 21.13% shares of China Life Insurance through public tender offer from January 8, 2021 to February 2, 2021. The acquired shares plus 8.65% shares of China Life Insurance held by a subsidiary, KGI Securities are equivalent to 55.95% shares of China Life Insurance.

Note 9 : As of March 13, 2017, CDF holds 100% of the shares of AMC which was previously held by CDIB Capital Group. AMC has merged with its subsidiaries, including Development Industrial Bank Asset Management Corp., Chung Hwa Growth 3 Asset Management Corp. and Chung Hwa Growth 4 Asset Management Corp. on July 1, 2019. Chung Hwa Growth 3 Asset Management Corp. was the surviving company after the merger and was renamed as China Development Asset Management Corporation (AMC) on the same day.

6.3 Audit Committee's Report for the Most Recent Year r

China Development Financial Holding Corporation Audit Committees' Review Report

The Board of Directors has prepared this Company's 2020 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by CPAs Mei-Huei Wu and Kwan-Chung Lai of Deloitte who have submitted an audited report. The above statements and reports have been examined by the Audit Committee and no irregularities were found. We hereby report as above, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2021 Annual General Meeting of the Shareholders

Audit Committee

Convener Hsiou-Wei, Lin

Date: April 26, 2021

6.4 Financial Statements for the Years Ended December 31, 2019 and 2018, and Independent Auditors' Report

China Development Financial Holding Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION

Chairman Chia-Juch Chang

March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2020 are as follows:

Estimated Impairment of Discounts and Loans

The management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; and, under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. The estimation of impairment requires the use of critical judgments and estimates and impairment has significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the year ended December 31, 2020.

Refer to Notes 4, 5 and 55 for the significant accounting policies, critical judgment, estimation uncertainty and related disclosure of the impairment of discounts and loans.

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

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

Assessment of Insurance Liabilities and Liability Adequacy Reserve

As stated in Note 5, management uses actuarial models and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance Co., Ltd. (China Life Insurance). The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on a reasonable estimate of future insurance payments, premium income and related expenses. Since any change in the actuarial model and material assumptions will have a significant influence on insurance liabilities and liability adequacy reserve, we consider them as key audit matters for the year ended December 31, 2020.

Refer to Notes 4, 5 and 55 for the relevant accounting policy, critical accounting judgments, and estimation uncertainty, and disclosures of assessment of insurance liabilities and liability adequacy reserve.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 116,029,168	3	\$ 101,141,145	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 49)	31,864,661	1	28,303,064	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 9, 18, 48 and 49)	543,495,816	16	492,082,632	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 49 and 55)	712,962,077	21	539,623,924	18
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 11, 18, 48 and 55)	1,064,332,087	31	1,028,887,835	34
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 12)	102,479	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 13)	50,409,959	2	46,789,881	2
RECEIVABLES, NET (Notes 4, 14, 48, 49 and 55)	138,709,584	4	104,305,699	3
CURRENT TAX ASSETS	705,864	-	759,762	-
DISCOUNTS AND LOANS, NET (Notes 4, 15, 48 and 55)	408,444,192	12	376,535,852	12
REINSURANCE ASSETS, NET (Notes 4 and 16)	740,256	-	533,134	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 17 and 18)	15,175,924	-	17,403,840	1
OTHER FINANCIAL ASSETS (Notes 19, 48 and 49)	146,096,553	4	121,187,047	4
INVESTMENT PROPERTY, NET (Notes 4, 20 and 49)	29,953,756	1	25,341,556	1
PROPERTY AND EQUIPMENT, NET (Notes 4, 21 and 49)	35,343,870	1	34,904,312	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 22)	14,049,764	-	18,548,919	1
INTANGIBLE ASSETS, NET (Note 23)	19,537,371	1	20,441,634	1
DEFERRED TAX ASSETS (Note 44)	12,399,965	-	9,888,920	-
OTHER ASSETS, NET (Notes 24 and 48)	94,265,129	3	60,608,848	2
TOTAL	\$ 3,434,618,475	100	\$ 3,027,288,004	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and financial institutions (Notes 25 and 48)	\$ 12,110,930	-	\$ 24,560,878	1
Funds from the Central Bank and financial institutions	76,030	-	-	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 48)	116,142,567	3	94,068,987	3
Financial liabilities for hedging (Notes 4 and 12)	641,307	-	-	-
Notes and bonds issued under repurchase agreements (Notes 4, 8, 10, 11 and 26)	134,864,245	4	96,137,331	3
Commercial paper payable, net (Notes 27 and 49)	11,564,804	-	12,634,684	-
Payables (Notes 28 and 48)	103,096,646	3	86,839,670	3
Current tax liabilities	4,143,209	-	1,168,811	-
Deposits and remittances (Notes 29 and 48)	486,707,951	14	395,861,002	13
Bonds payable (Note 30)	62,981,293	2	42,450,000	1
Other borrowings (Notes 31 and 49)	24,793,519	1	20,968,007	1
Provisions (Notes 4 and 32)	1,902,468,183	55	1,742,247,176	58
Other financial liabilities (Notes 34)	163,252,229	5	149,722,533	5
Lease liabilities (Notes 4 and 22)	4,454,005	-	5,615,681	-
Deferred tax liabilities (Note 44)	15,311,370	1	12,933,858	-
Other liabilities (Note 48)	59,384,100	2	45,614,232	2
Total liabilities	3,101,992,388	90	2,730,822,850	90
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35, 36 and 37)				
Capital				
Common stock	149,729,414	4	149,663,721	5
Advance receipts for capital stock	3,298	-	20,359	-
Capital surplus	1,627,728	-	1,093,745	-
Retained earnings				
Legal reserve	8,816,167	-	7,561,404	-
Special reserve	565,041	-	10,797,899	-
Unappropriated earnings	24,809,292	1	12,617,375	1
Other				
Exchange differences on translation of financial statements of foreign operations	(3,814,286)	-	(1,790,483)	-
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	5,091,841	-	1,556,416	-
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	15,929,018	1	7,794,213	-
Other comprehensive income (loss) reclassified using the overlay approach	1,157,242	-	1,347,757	-
Treasury shares	(1,178,647)	-	(3,137,278)	-
Total equity attributable to owners of the parent	202,736,108	6	187,525,128	6
NON-CONTROLLING INTERESTS (Notes 35 and 36)	129,889,979	4	108,940,026	4
Total equity	332,626,087	10	296,465,154	10
TOTAL	\$ 3,434,618,475	100	\$ 3,027,288,004	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 38 and 48)	\$ 72,343,871	32	\$ 73,119,570	31	(1)
INTEREST EXPENSE (Notes 38 and 48)	<u>(5,639,918)</u>	<u>(2)</u>	<u>(9,642,040)</u>	<u>(4)</u>	(42)
INTEREST PROFIT, NET	<u>66,703,953</u>	<u>30</u>	<u>63,477,530</u>	<u>27</u>	5
NONINTEREST PROFITS AND GAINS, NET					
Service fee and commission, net (Notes 19, 39 and 48)	2,860,816	1	(3,624,958)	(1)	179
Net income from insurance operations (Notes 40 and 48)	132,742,272	59	156,799,174	66	(15)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 41 and 48)	49,725,270	22	48,372,448	20	3
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 42)	9,864,231	4	7,068,050	3	40
Gain (loss) on disposal of financial assets measured at amortized cost	(313,090)	-	1,006,116	-	(131)
Foreign exchange gain (loss), net	(40,901,014)	(18)	(20,468,273)	(9)	100
Impairment loss on assets, net	(16,306)	-	(172,408)	-	(91)
Share of the profit (loss) of associates and joint ventures	(160,801)	-	905,635	-	(118)
Gain (loss) on reclassification using the overlay approach (Note 8)	910,761	-	(17,557,763)	(7)	105
Others (Note 48)	<u>3,374,361</u>	<u>2</u>	<u>3,522,011</u>	<u>1</u>	(4)
Total noninterest profits and gains, net	<u>158,086,500</u>	<u>70</u>	<u>175,850,032</u>	<u>73</u>	(10)
TOTAL NET REVENUE	<u>224,790,453</u>	<u>100</u>	<u>239,327,562</u>	<u>100</u>	(6)
ALLOWANCE FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES, NET	<u>(364,663)</u>	<u>-</u>	<u>(347,979)</u>	<u>-</u>	5

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	<u>\$(174,464,035)</u>	<u>(78)</u>	<u>\$(191,941,972)</u>	<u>(80)</u>	(9)
OPERATING EXPENSES (Notes 22, 33, 43 and 48)					
Employee benefits	(17,553,584)	(8)	(15,648,324)	(7)	12
Depreciation and amortization	(3,454,115)	(1)	(3,297,943)	(1)	5
Other general and administrative expenses	<u>(7,005,663)</u>	<u>(3)</u>	<u>(6,525,537)</u>	<u>(3)</u>	7
Total operating expenses	<u>(28,013,362)</u>	<u>(12)</u>	<u>(25,471,804)</u>	<u>(11)</u>	10
NET PROFIT BEFORE INCOME TAX	21,948,393	10	21,565,807	9	2
INCOME TAX EXPENSE (Note 44)	<u>(1,272,107)</u>	<u>(1)</u>	<u>(1,911,986)</u>	<u>(1)</u>	(33)
NET PROFIT FOR THE YEAR	<u>20,676,286</u>	<u>9</u>	<u>19,653,821</u>	<u>8</u>	5
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	(280,384)	-	(194,820)	-	44
Share of the other comprehensive income (loss) of associates and joint ventures	(266,320)	-	761,011	-	(135)
Gain (loss) on equity instruments measured at fair value through other comprehensive income	9,521,220	4	1,696,425	1	461
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 44)	(722,307)	-	(98,407)	-	634
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	(1,719,022)	(1)	(750,399)	-	129

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Share of the other comprehensive income (loss) of associates and joint ventures	\$ (334,378)	-	\$ (228,967)	-	46
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	(2,897,807)	(1)	(8,110,159)	(4)	(64)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	23,235,688	10	39,967,213	17	(42)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	<u>(910,761)</u>	<u>-</u>	<u>17,557,763</u>	<u>7</u>	(105)
Other comprehensive income (loss) for the year, net of income tax	<u>25,625,929</u>	<u>12</u>	<u>50,599,660</u>	<u>21</u>	(49)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 46,302,215</u>	<u>21</u>	<u>\$ 70,253,481</u>	<u>29</u>	(34)
NET PROFIT ATTRIBUTABLE TO:					
Owners of parent	\$ 12,655,277	6	\$ 12,795,690	5	(1)
Non-controlling interests	<u>8,021,009</u>	<u>3</u>	<u>6,858,131</u>	<u>3</u>	17
	<u>\$ 20,676,286</u>	<u>9</u>	<u>\$ 19,653,821</u>	<u>8</u>	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of parent	\$ 21,658,668	10	\$ 32,007,360	13	(32)
Non-controlling interests	<u>24,643,547</u>	<u>11</u>	<u>38,246,121</u>	<u>16</u>	(36)
	<u>\$ 46,302,215</u>	<u>21</u>	<u>\$ 70,253,481</u>	<u>29</u>	(34)
EARNINGS PER SHARE (Note 45)					
Basic	<u>\$0.87</u>		<u>\$0.88</u>		
Diluted	<u>\$0.87</u>		<u>\$0.88</u>		

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent													
	Capital						Other Equity							
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income Reclassified Using the Overlay Approach	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 149,622,812	\$ 10,748	\$ 1,630,992	\$ 6,776,135	\$ 565,041	\$ 14,754,530	\$ (930,286)	\$ (5,138,562)	\$ (4,451,944)	\$ (1,339)	\$ (3,605,444)	\$ 159,232,683	\$ 64,330,223	\$ 223,562,906
Appropriation of the 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	785,269	-	(785,269)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	10,232,858	(10,232,858)	-	-	-	-	-	-	-	-
Cash dividends - NT\$0.245 per share	-	-	-	-	-	(3,666,666)	-	-	-	-	-	(3,666,666)	-	(3,666,666)
	-	-	-	785,269	10,232,858	(14,684,793)	-	-	-	-	-	(3,666,666)	-	(3,666,666)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(362)	-	-	-	-	-	-	-	-	(362)	-	(362)
Issuance of cash dividends from capital surplus	-	-	(823,129)	-	-	-	-	-	-	-	-	(823,129)	-	(823,129)
Other changes in capital surplus	-	-	54,273	-	-	-	-	-	-	-	-	54,273	-	54,273
Net profit for the year ended December 31, 2019	-	-	-	-	-	12,795,690	-	-	-	-	-	12,795,690	6,858,131	19,653,821
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(121,894)	(860,174)	14,388,715	5,805,023	-	-	19,211,670	31,387,990	50,599,660
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	12,673,796	(860,174)	14,388,715	5,805,023	-	-	32,007,360	38,246,121	70,253,481
Disposal of the Corporation shares, as treasury shares	-	-	177,897	-	-	-	-	-	-	-	460,867	638,764	-	638,764
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	123,668	-	-	-	-	-	-	-	-	123,668	-	123,668
Changes in percentage of ownership interests in subsidiaries	-	-	(67,610)	-	-	(996)	(23)	(11,727)	(5,322)	-	7,299	(78,379)	6,220,045	6,141,666
Share-based payments	40,909	9,611	(1,984)	-	-	(9,671)	-	-	-	1,339	-	40,204	-	40,204
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	149,752	149,752
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(112,203)	-	112,203	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	(3,288)	-	-	-	-	-	(3,288)	(6,115)	(9,403)
BALANCE AT DECEMBER 31, 2019	149,663,721	20,359	1,093,745	7,561,404	10,797,899	12,617,375	(1,790,483)	9,350,629	1,347,757	-	(3,137,278)	187,525,128	108,940,026	296,465,154
Appropriation of the 2019 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	1,254,763	-	(1,254,763)	-	-	-	-	-	-	-	-
Special reserve reserved	-	-	-	-	(10,232,858)	10,232,858	-	-	-	-	-	-	-	-
Cash dividends - NT\$0.6 per share	-	-	-	-	-	(8,982,659)	-	-	-	-	-	(8,982,659)	-	(8,982,659)
	-	-	-	1,254,763	(10,232,858)	(4,564)	-	-	-	-	-	(8,982,659)	-	(8,982,659)
Net profit for the year ended December 31, 2020	-	-	-	-	-	12,655,277	-	-	-	-	-	12,655,277	8,021,009	20,676,286
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(206,043)	(2,023,803)	11,423,752	(190,515)	-	-	9,003,391	16,622,538	25,625,929
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	12,449,234	(2,023,803)	11,423,752	(190,515)	-	-	21,658,668	24,643,547	46,302,215
Disposal of the Corporation shares, as treasury shares	-	-	318,648	-	-	-	-	-	-	-	1,958,631	2,277,279	1,164,350	3,441,629
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	221,591	-	-	-	-	-	-	-	-	221,591	-	221,591
Share-based payments	65,693	(17,061)	(6,256)	-	-	(7,771)	-	-	-	-	-	34,605	-	34,605
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,860,744)	(4,860,744)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(246,478)	-	246,478	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	1,496	-	-	-	-	-	1,496	2,800	4,296
BALANCE AT DECEMBER 31, 2020	\$ 149,729,414	\$ 3,298	\$ 1,627,728	\$ 8,816,167	\$ 565,041	\$ 24,809,292	\$ (3,814,286)	\$ 21,020,859	\$ 1,157,242	\$ -	\$ (1,178,647)	\$ 202,736,108	\$ 129,889,979	\$ 332,626,087

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 21,948,393	\$ 21,565,807
Adjustments for reconciliation with net profit		
Depreciation expenses	2,116,730	1,953,288
Amortization expenses	1,340,407	1,344,655
Allowance for bad debts and losses on commitments and guarantees, net	364,663	347,979
Gain on financial assets and liabilities measured at fair value through profit or loss, net	(38,459,376)	(38,662,480)
Interest expense	5,640,018	9,642,040
Interest revenue	(72,343,871)	(73,119,570)
Dividend income	(12,500,196)	(10,515,569)
Net changes in insurance liabilities	158,414,609	185,744,463
Net changes in reserve for changes in foreign exchange valuation	1,655,968	(802,292)
Share of loss (profit) of associates and joint ventures	168,276	(894,005)
Loss (gain) on reclassification using the overlay approach	(910,761)	17,557,763
Gain on disposal of investments	(6,543,446)	(5,455,493)
Unrealized loss (gain) on foreign currency exchange	40,180,375	16,895,961
Others	(72,179)	188,225
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(1,999,257)	212,165
Financial assets at fair value through profit or loss	44,701,310	(25,164,217)
Financial assets at fair value through other comprehensive income	(68,847,864)	8,012,366
Debt investments measured at amortized cost	(415,801)	830,168
Financial assets for hedging	(102,479)	-
Receivables	(31,086,684)	(7,150,077)
Discounts and loans	(32,228,971)	(7,863,424)
Other financial assets	(18,461,766)	(6,777,025)
Other assets	(33,484,858)	17,721,708
Deposits from the Central Bank and financial institutions	(12,449,948)	2,125,964
Financial liabilities at fair value through profit or loss	(38,221,773)	(48,712,179)
Financial liabilities for hedging	641,307	-
Notes and bonds issued under repurchase agreements	38,726,914	(29,341,569)
Payables	11,386,783	13,762,909
Deposits and remittances	90,846,949	(2,425,008)
Other financial liabilities	6,925,797	13,439,416
Other liabilities	19,631,381	3,636,598
Cash generated from (used in) operations	76,560,650	58,098,567
Interest received	80,472,556	63,537,104
Dividends received	12,223,292	10,381,943
Interest paid	(8,649,289)	(8,588,948)
Income tax paid	(1,991,904)	(974,988)
Net cash generated from operating activities	158,615,305	122,453,678

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$(172,973,517)	\$(157,737,960)
Proceeds from sale of financial assets at fair value through other comprehensive income	100,512,107	138,976,385
Acquisition of financial assets measured at amortized cost	(305,944,643)	(187,748,649)
Proceeds from sale of financial assets measured at amortized cost	185,798,127	91,581,550
Principal from financial assets measured at amortized cost	44,354,875	35,805,715
Acquisition of property and equipment	(3,244,575)	(3,898,654)
Others	<u>989,195</u>	<u>(1,233,271)</u>
Net cash used in investing activities	<u>(150,508,431)</u>	<u>(84,254,884)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	3,586,058	2,116,808
Increase in funds from the central bank and financial institutions	76,030	-
Decrease in commercial paper payable	(1,069,880)	(2,351,219)
Proceeds from corporate bonds	23,430,000	9,200,000
Repayments of corporate bonds	(12,800,000)	(1,000,000)
Proceeds from bank debentures	10,800,000	3,100,000
Repayments of bank debentures	(1,000,000)	-
Proceeds from long-term borrowings	739,719	499,846
Repayments of long-term borrowings	(500,265)	(466,707)
Repayments of the principal portion of lease liabilities	(968,526)	(978,350)
Cash dividends paid	(8,761,068)	(4,366,127)
Sale of treasury shares	3,441,629	638,763
Net changes in non-controlling interests	(4,767,736)	6,096,079
Others	<u>34,727</u>	<u>37,787</u>
Net cash generated from financing activities	<u>12,240,688</u>	<u>12,526,880</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(277,121)</u>	<u>(88,760)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,070,441	50,636,914
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>165,132,047</u>	<u>114,495,133</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 185,202,488</u>	<u>\$ 165,132,047</u>

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2020 and 2019:

	December 31	
	2020	2019
Cash and cash equivalents in consolidated balance sheets	\$ 116,029,168	\$ 101,141,145
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	18,763,361	17,201,021
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>50,409,959</u>	<u>46,789,881</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 185,202,488</u>	<u>\$ 165,132,047</u>

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

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

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

On August 15, 2017, the Corporation's board of directors approved the acquisition of 25.33% shares of China Life Insurance. After the Corporation acquired ordinary shares through public tender offer, China Life Insurance became a subsidiary of the Corporation as defined by the Financial Holding Company Act. On March 25, 2019, the Corporation's board of directors approved to apply for the participation of capital increase by cash of China Life. After the Corporation acquired ordinary shares, the Corporation held 26.17% of the ordinary shares of China Life Insurance. On November 27, 2020, the Corporation's board of directors approved the acquisition of 21.13% shares of China Life Insurance through public tender offer from January 8, 2021 to February 2, 2021. After the Corporation acquired ordinary shares through public tender offer, the acquired shares plus 8.65% shares of China Life Insurance held by a subsidiary, KGI Securities, are equivalent to 55.95% shares of China Life Insurance.

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

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

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

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

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

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

KGI Securities was established on September 14, 1988. It merged with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of December 31, 2020, KGI Securities had 74 branches, which included head office.

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

KGI Bank was established on January 14, 1992. As of December 31, 2020, KGI Bank had a main office, international banking department, a trust department, insurance department, various business departments, an offshore banking unit (OBU), and 52 domestic branches.

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

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

China Life Insurance was incorporated in Taiwan on April 25, 1963. In 2009, China Life Insurance completed the acquisition of major assets and liabilities of Prudential Corporation Asia Life Taiwan. As of December 31, 2020, China Life Insurance had a head office, an offshore insurance unit, and 8 domestic branches.

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

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

For more information on the organization and business of the consolidated entities, please refer to Table 8 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on March 22, 2021.

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

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

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

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to IFRS 16 "Covid-19-Related Rent Concessions"

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Group was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2" "Interest Rate Benchmark Reform - Phase 2" primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform. Changes in the basis for determining contractual cash flows as a result of <u>interest rate benchmark reform</u>	

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- 1) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- 2) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- 3) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- 4) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

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

The related impact will be disclosed when the Company completes the evaluation.

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

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

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

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

- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

2) IFRS 17 “Insurance Contract” and its amendments

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

Level of aggregation

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

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

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

Recognition

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

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

Measurement

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

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

Subsequent measurement

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

Onerous contracts

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

Premium allocation approach

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

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

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

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

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

Investment contracts with a discretionary participation feature

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

Modification and derecognition

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

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

Transition

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

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

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

IFRS 17 was issued in May 2017, and then be amended in June 2020. Despite of postponing the effective date for 2 years (from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023), the amendments also include immunities. The amendments are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

Principles for Preparing Consolidated Financial Statements

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

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

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

As of December 31, 2020 and 2019, the consolidated entities included in the consolidated financial statements included 57 and 60 companies, respectively (please refer to the attached Table 8).

Business Combinations

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

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

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

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

Foreign Currencies

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

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

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

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

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

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

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

Cash Equivalents

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

Investments in Associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

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

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

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

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

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

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

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

if that associate had directly disposed of the related assets or liabilities.

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

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

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Investment in associates measured by fair value through profit or loss are recognized as financial assets at fair value through profit or loss and the change in fair value is recognized in profit or loss.

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

Financial assets and liabilities

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

a. Measurement category

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

1) Financial assets or liabilities at FVTPL

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

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 53.

2) Financial assets at amortized cost

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

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

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

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Margin loans and stock loans

“Receivable amount for margin loans” is the margin loans extended to the customers to buy securities. The securities bought by the customers are held as pledges on the loan provided, and these securities are recorded as “securities deposited by customers” using memo entries.

The securities refinance customer loans from securities finance companies, and the related amount is recorded as “refinancing borrowings” and is pledged with the underlying securities bought by the customers.

The subsidiaries of the Corporation provide financing to customers for the short sale of pledged securities from margin loans or short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by the subsidiaries and recorded as “deposit payable for securities financing.” In addition, the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, ROC requires that customers should make a guarantee deposit to the subsidiaries or provide securities in lieu of cash deposit, which are recorded as “securities financing guarantee deposit.”

c. Guarantee deposits received on futures contracts and customers’ equity accounts - futures

Margin deposits received from clients are debited to “guarantee deposits received on futures contracts” and credited to “customers’ equity accounts - futures” for futures transactions as required by the regulations. Margin deposit balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels. The debit balance of “customers’ equity accounts - futures” which results from losses on futures transactions in excess of the margin deposit, is recorded as “accounts receivable - futures guarantee deposits.” Customer’s equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

d. Impairment of financial assets

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

For financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers’/clients’ financial condition and delinquency record on interest payments.

These assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging In Credit Card Business. The minimum allowance for credit assets on or off balance sheet is equal to the book value of the above listed.

Based on the Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage toward collateral and exposures in Mainland China, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets before 2016. Based on the Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control of the exposure to the risk in Mainland China, the minimum provision for the credit loss reserve is 1.5% of the credit include short-term trade finance that were granted to companies based in Mainland China before 2015 and classified as normal assets.

Credit deemed uncollectable may be written off under the approval of the board of directors.

In accordance with the regulation of “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”, China Life is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

- 1) Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated.
- 2) 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.
- 3) Total unsecured portion of loans overdue and receivable on demand.
- 4) If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts. If the authorities in order to increase the ability to bear the loss of specific loan asset and demand the Group to increase the allowance for bad debts of specific loan assets according to the criteria and time limit specified by them, the Group shall cooperate with it.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Company to raise loan loss provision for specific loan assets in specified criteria and deadlines.

e. Derecognition of financial assets

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

f. Equity instruments

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

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

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

g. Derivative financial instruments

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

h. Adoption of overlay approach on financial assets

China Life Insurance chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 "Insurance Contract" since the application of IFRS 9. To those designated financial assets, the Company classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

- 1) The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and
- 2) The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

- 1) In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Company applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and
- 2) The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 "Insurance Contract".

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

- 1) The asset is accounted for on initial recognition; or
- 2) The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract” but previously did not.

China Life Insurance shall continuously adopt overlay approach to those designated financial assets until derecognition. However, China Life Insurance shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract”. In addition, at the beginning date of any annual reporting year, the Company is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

Hedge Accounting

The Group designate certain hedging instruments as fair value hedges.

At the start of a hedge relationship, the Group document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Group document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 12 sets out the details of the fair value of the derivative instruments used for hedging purposes.

Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

Securities Purchased and Sold Under Resell and Repurchase Agreements

For securities purchased under resell agreements, the payment to a counter-party is treated as a financing transaction. For securities sold under repurchase agreements, the payment by a counter-party and the related interest revenue or interest expense are recognized on the accrual basis.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

Investment Properties

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

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

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

Collaterals Assumed

Collaterals assumed (recognized as other assets) are recorded at cost, which includes the price and the expenditure for placing the collateral in a position to be sold, and are evaluated at their fair value as of the end of the period. An impairment loss is recognized when the cost of collaterals exceeds the fair value.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Impairment of Non-financial Assets

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

A cash-generating unit (“CGU”), which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill, then to the other assets of CGU pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Separate-account Products

China Life Insurance sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as “separate-account product assets” and “separate-account product liabilities”. The revenues and expenses of separate-account insurance products in accordance with IFRS 4 Insurance Contracts, separately recognized as “separate-account product revenues” and “separate-account product expenses.”

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

Insurance Liabilities and Reserve for Insurance Contracts with Feature of Financial Instruments

China Life Insurance's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, they have been validated by the certified actuarial professionals approved by Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Order No. Financial Supervisory-Insurance-Corporate-852367814. Reserved amount for the rest of other provisions is addressed below:

Moreover, China Life Insurance's insurance contract with discretionary participation feature is classified as liability.

a. Unearned premium reserve

For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

b. Reserve for claims

It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

c. Reserve for life insurance liabilities

Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and the manual published by each authority of insurance products.

Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated by the Order No. Financial Supervisory-Insurance-Corporate-800484251, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

d. Special reserve

- 1) For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, "Special Capital Reserve - Special Reserve for Major Incidents" and "Special Capital Reserve - Special Reserve for Fluctuation of Risks." The dollar amount of reserve required is addressed as follows:

a) Special capital reserve - special reserve for major incidents

All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of NT\$30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, China Life Insurance could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

b) Special capital reserve - special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount need to be paid, the 15% of this difference should be reserved in special reserve for fluctuation of risks. When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is greater than the anticipated dollar amount need to be paid, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the special reserve for fluctuation of risks for specified type of insurance is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written-down should be reported to the authority for inspection purpose. When accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves for major incidents and special reserve for fluctuation of risks addressed previously, the balance of the annual reserve net of tax, the post-tax amount of appropriated and written-down or recovery would be recorded in the special capital reserve under equity.

- 2) China Life Insurance sells participating life insurance policy. According to the “Rule Governing application of revenue and expenses related to participating/non-participating policy”, the Company is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. The excess dividend should be accounted as special reserve for dividend risks. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Company shall set aside the same amount of special reserve.

e. Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on January 1, 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.

f. Other reserve

Pursuant to IFRS 3 “Business Combination”, the Company shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

g. Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 Insurance Contracts.

h. Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Depository Accounting.

Foreign Exchange Valuation Reserve

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets do not include foreign currency non-investment-linked life insurance product assets) in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”. The beginning balance of China Life Insurance’s foreign exchange valuation reserve is NT\$1,745,679 thousand which has to recognize special reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve may be used to increase the share capital or offset deficit. According to “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” Article 9 and the Official Letter No. 1090490453 issued by the FSC on February 17, 2020, since the Insurance Company set aside the earnings appropriation of 2019, if the company has annual net tax earning, then it should appropriate 10% of that earning to special reserve after shareholders’ meeting.

Employee Benefits

a. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period.

b. Retirement benefits

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

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

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

c. Other long-term benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Taxation

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

a. Current tax

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

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

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

The Corporation and its eligible subsidiaries use the linked-tax system in the filing of tax returns. The accounting treatment applied by the Group to the income tax is to adjust in the Corporation's and its subsidiaries' book by a prorated share amount the difference between the combined current/deferred taxes and the total of each Group member's current/deferred taxes. Related payables and receivables are recorded in each of the Group members' books.

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax for the year

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

Revenue Recognition

Interest revenue arisen from credits are estimated on an accrual basis. All interest accrued shall be suspended from the date the loans are classified as nonperforming loans. Interest earned from nonperforming loans shall be recognized as interest income when the interest has been collected by the Group.

Service fee income is recognized when collected or when the majority of project is completed. Service fee income is received when loans and receivables are recognized. The service fee income which are caused by loans or receivables shall be recognized as interest revenue when they meet a suggested policy announced by the Bankers Association of the Republic of China. This policy requires an individual loan that meets the materiality criteria to have its effective interest rate be consistent with its interest revenue. Overall, the service fees shall be adjusted from the original agreed interest rate to the effective interest rate.

Revenue from rendering services - brokerage and underwriting commissions and fees, stock transaction agent fees, futures trading commissions and fees - is recognized on the basis of the stage of completion of related services as of the balance sheet dates.

Insurance Premium Income and Expenses

Insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expense and brokerage expenses, the related expense will be recognized in that period after commencement of the insurance contract.

For non-separate-account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as “reserves for insurance contracts with feature of financial instruments.” The related acquisition costs will be written-down in that period after commencement of the insurance contract under “reserves for insurance contracts with feature of financial instruments.”

Leases

At the inception of a contract, the Group assesses whether the contract is (or contains) a lease.

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

a. The Group as lessor

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

Under finance leases, the net investment in a lease is measured at (a) the present value of the sum of the installment accounts receivable and lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

b. The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

Share-based Payment Arrangements

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares for employees.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options.

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award.

Reinsurance

Premiums ceded to reinsurers and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

China Life Insurance holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers-net and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidences demonstrate that such rights after initial recognition may lead to China Life Insurance not recovering all contractual terms of the amount due; and the above events can be recovered from reinsurers at the impacted amount, then China Life Insurance can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, China Life Insurance assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if China Life Insurance can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, China Life Insurance receives (or pays) the contract's value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group took the consideration of the economic impact of COVID-19. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on discounts and loans

The management regularly reviews discounts and loans to assess impairment in accordance with IFRS 9. To determine whether an impairment loss should be recognized, the management assesses whether there has been a significant increase in credit risk or credit impairment has already occurred. When analyzing expected future cash flows, the management takes into account past events, present condition and future economic circumstances of the assets with similar credit risks. The management also regularly reviews the methodology and assumptions adopted for both expected future cash flows and their timing to decrease the difference between estimated and actual amount of impairment loss. In addition, the management assure the impairment loss meet the standard based on the Regulations Governing the Procedures for Banking Institutions.

b. Assessment of insurance liabilities and liability adequacy reserve

Management uses actuarial model and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance. The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on reasonable estimate of future insurance payments, premium income and related expenses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash in banks	\$ 102,030,714	\$ 88,688,236
Due from banks	7,868,405	5,835,189
Others	<u>6,130,049</u>	<u>6,617,720</u>
	<u>\$ 116,029,168</u>	<u>\$ 101,141,145</u>

Cash and cash equivalents as of December 31, 2020 and 2019 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	December 31	
	2020	2019
Call loans to financial institutions	\$ 10,982,290	\$ 10,171,730
Deposit reserve - demand accounts	10,886,761	9,638,736
Deposit reserve - checking accounts	7,835,775	7,029,291
Due from the Central Bank - interbank settlement funds	2,005,892	1,300,735
Deposit reserve - foreign currencies	<u>153,943</u>	<u>162,572</u>
	<u>\$ 31,864,661</u>	<u>\$ 28,303,064</u>

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve is determined monthly at prescribed rates based on average balance of the Bank's deposits. Deposit

reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

For the certificates deposit issued by the Central Bank of the ROC pledged as collaterals for the Group, please refer to Note 49.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial instrument		
Interest rate swap contracts	\$ 34,364,342	\$ 18,721,948
Currency swap and forward exchange contracts	20,811,834	14,804,506
Options and futures contracts	12,559,095	5,519,664
Others	4,689,745	5,134,107
Non-derivative financial assets		
Shares	164,336,478	129,406,800
Mutual funds	157,902,410	131,559,176
Operating securities (Note 9)	71,245,478	74,477,290
Bank debentures	31,757,722	39,401,337
Corporate bonds	15,558,816	14,455,908
Commercial paper	11,935,774	10,882,423
Others	16,101,646	13,618,761
	<u>541,263,340</u>	<u>457,981,920</u>
<u>Financial assets designated as at FVTPL</u>		
Government bonds	206,349	11,683,340
Others	<u>2,026,127</u>	<u>22,417,372</u>
	<u>2,232,476</u>	<u>34,100,712</u>
Financial assets at FVTPL	<u>\$ 543,495,816</u>	<u>\$ 492,082,632</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instrument		
Interest rate swap contracts	\$ 35,608,849	\$ 21,486,645
Currency swap and forward exchange contracts	19,591,009	11,511,583
Options and futures contracts	14,452,997	17,278,382
Others	8,314,244	4,031,962
Non-derivative financial liabilities		
Borrowed securities payable	18,701,768	2,535,693
Others	<u>1,012,055</u>	<u>156,947</u>
	<u>97,680,922</u>	<u>57,001,212</u>
<u>Financial liabilities designated as at FVTPL</u>		
Bank debentures payable	11,077,401	29,558,877
Structured products	7,383,477	5,715,467
Others	<u>767</u>	<u>1,793,431</u>
	<u>18,461,645</u>	<u>37,067,775</u>

	December 31	
	2020	2019
Financial liabilities at FVTPL	<u>\$ 116,142,567</u>	<u>\$ 94,068,987</u>

As of December 31, 2020 and 2019, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	December 31		Issuance Period	Method of Paying Principles and Interests	Interest Rate
	2020	2019			
15KGIB1	\$ -	\$ 3,191,236	March 24, 2015 - March 24, 2045 (Note 1)	Principal due on maturity	0%
P16KGIB1	-	3,311,660	May 3, 2016 - May 3, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB2	-	3,311,660	May 27, 2016 - May 27, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB3	-	2,408,480	November 8, 2016 - November 8, 2046 (Note 1)	Principal due on maturity	0%
P17KGIB1	-	6,021,200	January 23, 2017 - January 23, 2047 (Note 1)	Principal due on maturity	0%
P18KGIB1	5,701,600	6,021,200	January 30, 2018 - January 30, 2048 (Note 3)	Principal due on maturity	0%
P18KGIB2	<u>4,561,280</u>	<u>4,816,960</u>	February 27, 2018 - February 27, 2048 (Note 3)	Principal due on maturity	0%
Valuation adjustments	<u>10,262,880</u> <u>814,521</u>	<u>29,082,396</u> <u>476,481</u>			
	<u>\$ 11,077,401</u>	<u>\$ 29,558,877</u>			

Note 1: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after two years from the issue date (inclusive).

Note 2: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after one year from the issue date (inclusive).

Note 3: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after five years from the issue date (inclusive).

China Life Insurance elected to adopt the overlay approach in expressing financial assets designated as at FVTPL under IFRS 4 "Insurance Contracts" starting from application of IFRS 9. Investment of financial assets relating insurance contracts issued by China Life Insurance designated as at adoption of the overlay approach financial assets were as follows:

Financial assets mandatorily classified as at FVTPL

	December 31	
	2020	2019
Mutual funds	\$ 156,345,531	\$ 129,374,894
Shares	151,560,864	116,849,773
Bank debentures	31,232,773	38,265,166
Corporate bonds	14,648,671	14,049,557
Others	<u>8,573,890</u>	<u>3,578,757</u>
	<u>\$ 362,361,729</u>	<u>\$ 302,118,147</u>

For the years ended December 31, 2020 and 2019, reclassification amount under profit or loss and other comprehensive income of designated as at adoption of the overlay approach financial assets is described as follows:

	For the Year Ended December 31	
	2020	2019
Gain (loss) on application of IFRS 9	\$ 24,761,407	\$ 38,470,698
Loss (gain) on application of IAS 39	<u>(25,672,168)</u>	<u>(20,912,935)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ (910,761)</u>	<u>\$ 17,557,763</u>

Due to the adjustment of the overlay approach, gain on financial assets measured at FVTPL increased from \$49,725,270 thousand to gain of \$50,636,031 thousand for the year ended December 31, 2020; and gain on financial assets measured at FVTPL decreased from \$48,372,448 thousand to gain of \$30,814,685 thousand for the year ended December 31, 2019.

The contract (nominal) amounts of the Group's outstanding derivative financial instruments as of December 31, 2020 and 2019 are summarized as follows:

	December 31	
	2020	2019
Currency swap and forward exchange contracts	\$ 1,956,133,999	\$ 1,903,307,612
Interest rate swap contracts	920,537,191	1,164,621,830
Options and futures contracts	666,062,367	647,885,303
Non-deliverable forward contracts	328,712,408	340,390,515
Assets swap contracts	21,112,907	24,794,444
Cross-currency swap contracts	18,017,594	23,246,594
Structured products contracts	14,987,302	13,104,718
Credit default swap contracts	2,030,625	2,509,323
Equity derivative financial contracts	109,682	34,023
Commodity swap contracts	69,665	197,412

As of December 31, 2020 and 2019, financial assets at fair value through profit or loss with aggregate carrying values of \$34,510,392 thousand and \$41,750,306 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Group signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015, entrusting shares of Capital Securities Corporation to them. The trustee deals with the shares in accordance with the contract during the contract period. The shares of Capital Securities Corporation held by CDIB Capital Group have been fully disposed of by August 2019.

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 49.

9. OPERATING SECURITIES

	December 31	
	2020	2019
Dealing		
Overseas securities	\$ 21,096,025	\$ 28,285,308
Corporate bonds	15,608,053	8,613,938
Listed, OTC and emerging market stock	5,937,060	5,063,093
Government bonds	2,033,169	8,608,122
Others	<u>2,627,943</u>	<u>4,256,382</u>
	<u>47,302,250</u>	<u>54,826,843</u>
Underwriting		
Corporate bonds	703,837	868,699
Listed, OTC and emerging market stock	192,131	299,007
Others	<u>46,800</u>	<u>151,425</u>
	<u>942,768</u>	<u>1,319,131</u>
Hedge positions		
Corporate bonds	8,216,644	3,629,153
Mutual funds	5,475,471	5,274,380
Overseas securities	5,442,253	5,185,892
Listed, OTC and emerging market stock	3,528,009	3,913,309
Others	<u>338,083</u>	<u>328,582</u>
	<u>23,000,460</u>	<u>18,331,316</u>
	<u>\$ 71,245,478</u>	<u>\$ 74,477,290</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Investments in debt instruments at FVTOCI		
Corporate bonds	\$ 227,059,644	\$ 148,038,886
Government bonds	205,871,829	175,950,289
Bank debentures	152,930,431	116,466,661
Negotiable certificates of deposit	64,927,048	62,617,894
Treasury bills	499,021	-
Less: Security deposit	-	(9,804)
	<u>651,287,973</u>	<u>503,063,926</u>
Investments in equity instruments at FVTOCI		
Common stocks	49,317,068	24,487,082
Preferred stocks	<u>12,357,036</u>	<u>12,072,916</u>
	<u>61,674,104</u>	<u>36,559,998</u>
	<u>\$ 712,962,077</u>	<u>\$ 539,623,924</u>

a. Investments in debt instruments at FVTOCI

As of December 31, 2020 and 2019, investments in debt instruments at FVTOCI, with aggregate carrying values of \$87,318,772 thousand and \$42,222,421 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 49.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 55.

b. Investments in equity instruments at FVTOCI

For the years ended December 31, 2020 and 2019, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of \$6,369,049 thousand and \$5,802,258 thousand, respectively. The Group transferred a loss of \$246,478 thousand and \$112,203 thousand from other equity related-unrealized gain on financial assets at fair value through other comprehensive income to retained earnings.

For the years ended December 31, 2020 and 2019, dividend income for \$1,238,830 thousand and \$816,561 thousand, respectively, and those related to investment held as of December 31, 2020 and 2019 were \$951,339 thousand and \$669,727 thousand, respectively, and those related to investment derecognized for the years ended December 31, 2020 and 2019 were \$287,491 thousand and \$146,834 thousand, respectively.

There are no any investments in equity instruments at FVTOCI pledged as collateral for the Group.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Bank debentures	\$ 575,615,412	\$ 602,974,328
Corporate bonds	367,482,396	285,933,203
Government bonds	104,377,621	90,300,863
Others	<u>16,856,658</u>	<u>49,679,441</u>
	<u>\$ 1,064,332,087</u>	<u>\$ 1,028,887,835</u>

As of December 31, 2020 and 2019, investments in debt instruments at amortized cost, with aggregate carrying values of \$270,826 thousand and \$0 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

There are no any investments in debt instruments at amortized cost that are pledged as collateral for the Group.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, please refer to Note 55.

12. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2020
<u>Financial assets for hedging</u>	
Fair value hedge - interest rate swap	<u>\$ 102,479</u>
<u>Financial liabilities for hedging</u>	
Fair value hedge - interest rate swap	<u>\$ 641,307</u>

Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 23,993,502	2022.05.03-2030.08.07	Financial assets and liabilities for hedging	\$ 102,479	\$ 641,307

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	\$ 14,720,977	\$ -	\$ 640,119	\$ -
Bank debentures	-	10,800,000	-	101,293

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2020	2019
Commercial paper	\$ 19,304,690	\$ 11,121,028
Corporate bonds	16,044,250	21,288,455
Government bonds	7,655,039	7,282,924
Negotiable certificates of deposit	4,791,205	400,000
Bank debentures	<u>2,614,775</u>	<u>6,697,474</u>
	<u>\$ 50,409,959</u>	<u>\$ 46,789,881</u>
Resold amounts	<u>\$ 50,417,337</u>	<u>\$ 46,829,845</u>
Last maturity date	February 2021	March 2020

14. RECEIVABLES, NET

	December 31	
	2020	2019
Receivable accounts for settlement	\$ 39,313,255	\$ 32,299,471
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	37,068,689	24,160,899
Interest receivable	18,045,666	16,871,726
Accounts receivable - forfeiting	11,629,327	3,947,653
Exchange clearing receivable	8,302,502	3,045,497
		(Continued)

	December 31	
	2020	2019
Accounts receivable factoring without recourse	\$ 7,566,727	\$ 6,572,390
Installment accounts receivable and Lease payments receivable	4,478,343	3,996,787
Trading securities receivable	4,393,215	5,381,773
Others	<u>9,786,631</u>	<u>9,783,429</u>
	140,584,355	106,059,625
Less: Allowance for bad debts	(1,637,556)	(1,537,825)
Unrealized interest revenue	<u>(237,215)</u>	<u>(216,101)</u>
	<u>\$ 138,709,584</u>	<u>\$ 104,305,699</u>
		(Concluded)

For the amount of receivables pledged as collateral for the Group, please refer to Note 49.

For the information on credit risk management and impairment loss analysis of receivables, please refer to Note 55.

15. DISCOUNTS AND LOANS, NET

	December 31	
	2020	2019
Short-term loans	\$ 76,925,133	\$ 76,377,723
Medium-term loans	218,311,143	195,726,309
Long-term loans	84,822,252	75,411,830
Loans reclassified to nonperforming loans	465,508	376,103
Export negotiations	14,513	30,866
Policy loans	27,137,356	27,350,483
Automatic premium loans	<u>5,845,356</u>	<u>5,849,666</u>
	413,521,261	381,122,980
Less: Allowance for bad debts	(5,005,037)	(4,477,678)
Discounts on loans	<u>(72,032)</u>	<u>(109,450)</u>
	<u>\$ 408,444,192</u>	<u>\$ 376,535,852</u>

For the information on credit risk management and impairment loss analysis of discounts and loans, please refer to Note 55.

16. REINSURANCE ASSETS, NET

	December 31	
	2020	2019
Claims recoverable from reinsurers	\$ 646,949	\$ 415,320
Due from reinsurers and ceding companies	10,718	48,572
Reinsurance reserve assets		
Ceded unearned premium reserve	61,774	55,487
Ceded reserve for claims	<u>20,815</u>	<u>13,755</u>
	<u>82,589</u>	<u>69,242</u>
	<u>\$ 740,256</u>	<u>\$ 533,134</u>

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	December 31	
	2020	2019
Non-public entities		
CDIB & Partners Investment Holding Corporation	\$ 5,871,970	\$ 6,548,806
CDIB Capital Asia Partners L.P.	3,037,253	3,688,253
KGI Securities (Thailand) Public Company Limited	2,422,459	2,602,334
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,199,488	1,331,616
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	844,123	1,525,410
CDIB Capital Health Ventures Limited	811,644	704,247
CDIB Capital Creative Industries Limited	447,197	620,994
Others	<u>541,790</u>	<u>382,180</u>
	<u>\$ 15,175,924</u>	<u>\$ 17,403,840</u>

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

Summarized financial information in respect of the not individually material associates was set out below:

	December 31	
	2020	2019
The Group's share of:		
Net profit (loss) for the year	\$ (269,950)	\$ 923,391
Other comprehensive income (loss)	<u>(592,457)</u>	<u>534,254</u>
Total comprehensive income (loss) for the year	<u>\$ (862,407)</u>	<u>\$ 1,457,645</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the financial statements audited by the auditors.

There are no any investments under equity method was pledged as collateral for the Group.

18. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in structured entities

The Corporation's subsidiaries have equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

December 31, 2020

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 12,274,019	\$ 4,641,441	\$ 16,915,460
Financial assets at fair value through other comprehensive income	-	284,284	284,284
Debt instruments measured at amortized cost	-	14,507,834	14,507,834
Maximum exposure	12,274,019	19,433,559	31,707,578

December 31, 2019

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 8,888,639	\$ 3,635,108	\$ 12,523,747
Debt instruments measured at amortized cost	-	51,003,028	51,003,028
Maximum exposure	8,888,639	54,638,136	63,526,775

b. Management on structured entities

The Corporation's subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation's subsidiaries have significant influence over the above investments.

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

	December 31	
	2020	2019
<u>Management on partnership equity fund</u>		
Total assets	\$ 21,556,752	\$ 24,475,759
Total liabilities	18,052	173,055
Investments accounted for using the equity method	5,469,661	6,839,970
Financial assets designated as at FVTPL	1,551,906	1,258,060
Maximum exposure	7,021,567	8,098,030

19. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Separate-account insurance products	\$ 84,564,106	\$ 77,922,118
Customer margin accounts	53,677,381	37,144,902
Others	<u>7,855,066</u>	<u>6,120,027</u>
	<u>\$ 146,096,553</u>	<u>\$ 121,187,047</u>

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets	
	December 31	
	2020	2019
Cash in banks	\$ 2,886,939	\$ 512,650
Financial assets at fair value through profit or loss	81,612,016	77,315,680
Other receivables	<u>65,151</u>	<u>93,788</u>
	<u>\$ 84,564,106</u>	<u>\$ 77,922,118</u>
	Liabilities	
	December 31	
	2020	2019
Reserve for separate account	\$ 84,401,006	\$ 77,833,832
Other payables	<u>163,100</u>	<u>88,286</u>
	<u>\$ 84,564,106</u>	<u>\$ 77,922,118</u>

b. Separate account insurance products - revenues and expenses

	Revenues	
	For the Year Ended December 31	
	2020	2019
Premium income	\$ 5,941,537	\$ 5,580,500
Gain (loss) from financial assets and liabilities at fair value through profit or loss	4,364,449	5,084,666
Interest income	106	611
Other revenues	175,853	178,534
Foreign exchange gains (losses)	<u>(960,387)</u>	<u>(271,188)</u>
	<u>\$ 9,521,558</u>	<u>\$ 10,573,123</u>
	Expenses	
	For the Year Ended December 31	
	2020	2019
Insurance claim payments	\$ 5,175,461	\$ 4,926,607
Net change in separate account reserve	2,306,385	3,711,539
Custodian fee	<u>2,039,712</u>	<u>1,934,977</u>
	<u>\$ 9,521,558</u>	<u>\$ 10,573,123</u>

- c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the years ended December 31, 2020 and 2019 was \$397,954 thousand and \$462,966 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, please refer to Note 49.

20. INVESTMENT PROPERTY, NET

	December 31	
	2020	2019
Land	\$ 20,339,730	\$ 20,123,789
Buildings and facilities	6,511,336	5,217,767
Right-of-use assets - superficies of royalties	2,777,176	-
Right-of-use assets - land	<u>325,514</u>	<u>-</u>
	<u>\$ 29,953,756</u>	<u>\$ 25,341,556</u>

The changes in the Group's investment properties were as follows:

	For the Year Ended December 31	
	2020	2019
<u>Cost</u>		
Beginning balance	\$ 26,451,916	\$ 26,368,648
Additions	255,595	108,382
Disposals	(96,133)	(17,539)
Effect of different group entities	(139,833)	-
Reclassification	<u>5,500,413</u>	<u>(7,575)</u>
Ending balance	<u>31,971,958</u>	<u>26,451,916</u>
<u>Accumulated depreciation</u>		
Beginning balance	(614,432)	(438,850)
Depreciation	(280,858)	(215,935)
Disposals	694	859
Effect of different group entities	23,462	-
Reclassification	<u>(650,024)</u>	<u>39,494</u>
Ending balance	<u>(1,521,158)</u>	<u>(614,432)</u>
<u>Accumulated impairment</u>		
Beginning balance	(495,928)	(497,378)
Reclassification	-	989
Reversal (reserve) of impairment loss	<u>(1,116)</u>	<u>461</u>
Ending balance	<u>(497,044)</u>	<u>(495,928)</u>
Carrying amount	<u>\$ 29,953,756</u>	<u>\$ 25,341,556</u>

The above items of investment property are depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	
Main building and parking spaces	30-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of December 31, 2020 and 2019 were \$29,659,155 thousand and \$25,108,005 thousand, respectively. Investment property was categorized into Level 3.

The Corporation's subsidiaries had development of the vacant land and prepayments for buildings without construction license, and the carrying amount was \$2,519,944 thousand and \$2,521,063 thousand, respectively, on December 31, 2020 and 2019. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

Valuation of fair values above mentioned, except the fair values of partial investment properties held by CDIB Capital Group for the year ended December 31, 2020, and the fair values of investment properties held by CDIB Capital Group, KGI Securities and subsidiaries of KGI Securities for the years ended December 31, 2019 were arrived at without appraisal from independent appraisers, but instead were arrived at by reference to available external appraisal reports for the previous period and valuation models commonly used by market participants. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The CDIB Tower had finished its public tender on January 12, 2021. For the transaction details, please refer to Note 51.

The Group's investment property is mainly based on leased building with lease terms of 1 to 14 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2020	2019
Year 1	\$ 470,842	\$ 443,999
Year 2	371,490	398,185
Year 3	292,014	234,419
Year 4	245,226	164,062
Year 5	212,312	146,828
Year 5 onwards	<u>565,604</u>	<u>198,314</u>
	<u>\$ 2,157,488</u>	<u>\$ 1,585,807</u>

The investment property leased by the Group for operating leases is depreciated on a straight-line basis over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and facilities	30-60 years

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 49.

21. PROPERTY AND EQUIPMENT, NET

	December 31	
	2020	2019
Land	\$ 20,265,436	\$ 20,175,361
Buildings and facilities	12,719,584	5,896,237
Machinery and computer equipment	1,383,010	1,352,168
Other equipment	308,412	312,856
Leasehold improvements	283,067	324,519
Transportation equipment	<u>169,170</u>	<u>288,467</u>
	35,128,679	28,349,608
Prepayments for acquisition of properties	<u>215,191</u>	<u>6,554,704</u>
	<u>\$ 35,343,870</u>	<u>\$ 34,904,312</u>
Assets used by the Group	\$ 34,852,725	\$ 34,258,809
Assets leased under operating leases	<u>491,145</u>	<u>645,503</u>
	<u>\$ 35,343,870</u>	<u>\$ 34,904,312</u>

	Land	Buildings and Facilities	Computer Equipment	Leasehold Improvements	Other Equipment	Transportation Equipment	Leased Assets	Prepayments for Acquisition of Properties	Total
Cost									
Balance at January 1, 2019	\$ 20,276,482	\$ 8,678,675	\$ 1,669,976	\$ 869,783	\$ 1,795,494	\$ 8,399	\$ 854,811	\$ 3,239,830	\$ 37,393,450
Adjustments on initial application of IFRS 16	(3,923)	(15,430)	(139,976)	-	-	-	-	-	(159,329)
Additions	-	40,294	359,517	89,544	120,588	107,378	-	3,181,334	3,898,655
Disposals	(43,180)	(62,276)	(273,022)	(78,701)	(179,525)	(78,169)	-	-	(714,873)
Reclassification	(3,996)	(8,889)	1,147,520	16,186	(546,326)	446,490	(854,811)	133,540	329,714
Effect of exchange rate changes	-	-	(20,859)	(6,112)	2,352	48	-	-	(24,571)
Balance at December 31, 2019	<u>20,225,383</u>	<u>8,632,374</u>	<u>2,743,156</u>	<u>890,700</u>	<u>1,192,583</u>	<u>484,146</u>	<u>-</u>	<u>6,554,704</u>	<u>40,723,046</u>
Accumulated depreciation and impairment									
Balance at January 1, 2019	(54,101)	(2,534,394)	(843,267)	(554,511)	(1,491,058)	(2,320)	(196,502)	-	(5,676,153)
Adjustments on initial application of IFRS 16	3,923	15,430	66,576	-	-	-	-	-	85,929
Additions	156	(224,435)	(316,372)	(95,367)	(103,849)	(99,148)	-	-	(839,015)
Disposals	-	27,038	270,841	77,843	179,271	53,140	-	-	608,133
Reclassification	-	(19,776)	(586,084)	-	538,086	(147,338)	196,502	-	(18,610)
Effect of exchange rate changes	-	-	17,318	5,854	(2,177)	(13)	-	-	20,982
Balance at December 31, 2019	<u>(50,022)</u>	<u>(2,736,137)</u>	<u>(1,390,988)</u>	<u>(566,181)</u>	<u>(879,727)</u>	<u>(195,679)</u>	<u>-</u>	<u>-</u>	<u>(5,818,734)</u>
Balance at December 31, 2019, net	<u>\$ 20,175,361</u>	<u>\$ 5,896,237</u>	<u>\$ 1,352,168</u>	<u>\$ 324,519</u>	<u>\$ 312,856</u>	<u>\$ 288,467</u>	<u>\$ -</u>	<u>\$ 6,554,704</u>	<u>\$ 34,904,312</u>
Cost									
Balance at January 1, 2020	\$ 20,225,383	\$ 8,632,374	\$ 2,743,156	\$ 890,700	\$ 1,192,583	\$ 484,146	\$ -	\$ 6,554,704	\$ 40,723,046
Additions	545,398	345,694	285,970	57,857	75,172	19,430	-	2,270,602	3,600,123
Disposals	(88,041)	(164,472)	(366,121)	(120,032)	(132,838)	(183,765)	-	(1,681)	(1,056,950)
Reclassification	(228,730)	6,793,901	(35,558)	292	187,943	169	-	(8,608,434)	(1,890,417)
Effects of different group entities	(138,506)	(83,503)	(3,005)	-	(1,334)	-	-	-	(226,348)
Effect of exchange rate changes	-	-	(42,808)	(13,139)	(9,139)	(241)	-	-	(65,327)
Balance at December 31, 2020	<u>20,315,504</u>	<u>15,523,994</u>	<u>2,581,634</u>	<u>815,678</u>	<u>1,312,387</u>	<u>319,739</u>	<u>-</u>	<u>215,191</u>	<u>41,084,127</u>
Accumulated depreciation and impairment									
Balance at January 1, 2020	(50,022)	(2,736,137)	(1,390,988)	(566,181)	(879,727)	(195,679)	-	-	(5,818,734)
Additions	(26,084)	(305,304)	(320,970)	(101,745)	(128,851)	(80,101)	-	-	(963,055)
Disposals	-	79,877	362,396	119,463	132,193	125,228	-	-	819,157
Reclassification	26,038	119,751	116,290	3,574	(135,787)	(169)	-	-	129,697
Effects of different group entities	-	37,403	1,648	-	854	-	-	-	39,905
Effect of exchange rate changes	-	-	33,000	12,278	7,343	152	-	-	52,773
Balance at December 31, 2020	<u>(50,068)</u>	<u>(2,804,410)</u>	<u>(1,198,624)</u>	<u>(532,611)</u>	<u>(1,003,975)</u>	<u>(150,569)</u>	<u>-</u>	<u>-</u>	<u>(5,740,257)</u>
Balance at December 31, 2020, net	<u>\$ 20,265,436</u>	<u>\$ 12,719,584</u>	<u>\$ 1,383,010</u>	<u>\$ 283,067</u>	<u>\$ 308,412</u>	<u>\$ 169,170</u>	<u>\$ -</u>	<u>\$ 215,191</u>	<u>\$ 35,343,870</u>

The construction project with respect to the superficies, which was awarded to China Life Insurance, on the land owned by Taipei Academy had been completed in the third quarter of 2020 and was reclassified from the construction in progress to the buildings and facilities. Part of the buildings and right-of-use assets were subsequently recognized as investment properties depending on its nature. These had been respectively recognized as “investment property”, “property, plant and equipment” and “right-of-use asset” by the Groups’ holding purpose, please refer to Notes 20 and 22.

The above items of self-use property and equipment are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities	3-60 years
Machinery and computer equipment	3-15 years
Transportation equipment	4-10 years
Other equipment	3-12 years
Leasehold improvements	Depend on the age or the durable life of lease, whichever is shorter

The operating lease of the group's subsidiaries are mainly based on leased light passenger vehicle with lease terms of 1 to 5 years without an option to extend for any additional years.

The maturity analysis of lease payments receivable was as follows:

	December 31	
	2020	2019
Year 1	\$ 64,168	\$ 100,367
Year 2	22,580	58,458
Year 3	2,475	17,886
Year 4	174	2,844
Year 5	<u>-</u>	<u>335</u>
	<u>\$ 89,397</u>	<u>\$ 179,890</u>

The investment property leased by the Group for operating leases is depreciated on a straight-line basis based over their estimated useful lives as follows:

	Estimated Useful Lives
Machinery equipment	4-20 years
Transportation equipment	2-5 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 49.

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2020	2019
Carrying amounts		
Royalty-surface rights	\$ 9,997,238	\$ 12,977,018
Buildings and facilities	2,622,125	3,343,302
Land	1,171,915	2,066,274
Computer equipment	183,014	114,978
Transportation equipment	38,495	32,434
Other equipment	<u>36,977</u>	<u>14,913</u>
	<u>\$ 14,049,764</u>	<u>\$ 18,548,919</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 734,358	\$ 610,926
Depreciation of right-of-use assets		
Royalty-surface rights	\$ 818,207	\$ 803,330
Buildings and facilities	191,593	202,605
Land	23,448	32,243
Computer equipment	65,170	67,719
Transportation equipment	18,516	19,089
Other equipment	15,535	11,838
	<u>\$ 1,132,469</u>	<u>\$ 1,136,824</u>

The depreciation expense of the right-of-use asset recognized in profit or loss for the years ended December 31, 2020 and 2019 were \$977,619 thousand and \$898,340 thousand, respectively.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts	\$ 4,454,005	\$ 5,615,681

The interest expense of the lease liabilities recognized in profit or loss for the years ended December 31, 2020 and 2019 were \$66,714 thousand and \$61,692 thousand, respectively.

Range of discount rate for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings and facilities	0.65%-9.79%	0.72%-9.79%
Land	0.77%-3.50%	3.50%
Computer equipment	0.77%-1.07%	0.82%-1.07%
Transportation equipment	0.55%-1.44%	0.73%-1.44%
Other equipment	0.53%-1.20%	0.65%-1.44%

The maturity analysis of lease liabilities were as follows:

	December 31	
	2020	2019
Not later than 1 year	\$ 889,224	\$ 960,612
Later than 1 year and not later than 5 years	1,790,637	2,183,641
Later than 5 years	<u>4,149,278</u>	<u>5,796,179</u>
	<u>\$ 6,829,139</u>	<u>\$ 8,940,432</u>

c. Material lease-in activities and terms

The Group leases land, building, computer equipment, transportation equipment and other equipment with lease terms of 1 to 10 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that China Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment for the Group, please refer Notes 20 and 21, respectively.

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 35,969	\$ 91,012
Expenses relating to low-value asset leases	\$ 3,316	\$ 3,724
Total cash outflow for leases	\$ 1,030,993	\$ 1,073,299

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

23. INTANGIBLE ASSETS

	December 31	
	2020	2019
Purchase policy value	\$ 12,053,755	\$ 12,402,062
Goodwill	3,135,653	3,190,820
Operation rights	2,974,042	3,554,400
Computer software	1,370,913	1,257,956
Others	3,008	36,396
	<u>\$ 19,537,371</u>	<u>\$ 20,441,634</u>

The changes in the Group's intangible assets were as follows:

	Purchase Policy Value	Operation Rights	Goodwill	Computer Software	Others	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 13,320,077	\$ 3,369,090	\$ 8,542,562	\$ 1,713,217	\$ 51,994	\$ 26,996,940
Adjustments on initial application of IFRS 16	-	-	-	(12,105)	-	(12,105)
Additions	-	-	-	781,569	-	781,569
Decreases	-	(163,886)	-	(283,689)	-	(447,575)
Reclassification	-	-	-	22,161	-	22,161
Effects of exchange rate changes	-	(14,384)	-	80	-	(14,304)
Balance at December 31, 2019	<u>13,320,077</u>	<u>3,190,820</u>	<u>8,542,562</u>	<u>2,221,233</u>	<u>51,994</u>	<u>27,326,686</u>

(Continued)

	Purchase Policy Value	Operation Rights	Goodwill	Computer Software	Others	Total
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2019	\$ (552,558)	\$ -	\$ (4,350,653)	\$ (906,984)	\$ (15,598)	\$ (5,825,793)
Amortization	(365,457)	-	(637,509)	(339,583)	-	(1,342,549)
Decreases	-	-	-	283,449	-	283,449
Reclassification	-	-	-	(454)	-	(454)
Effects of exchange rate changes	-	-	-	295	-	295
Balance at December 31, 2019	<u>(918,015)</u>	<u>-</u>	<u>(4,988,162)</u>	<u>(963,277)</u>	<u>(15,598)</u>	<u>(6,885,052)</u>
Balance at December 31, 2019, net	<u>\$ 12,402,062</u>	<u>\$ 3,190,820</u>	<u>\$ 3,554,400</u>	<u>\$ 1,257,956</u>	<u>\$ 36,396</u>	<u>\$ 20,441,634</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 13,320,077	\$ 3,190,820	\$ 8,542,562	\$ 2,221,233	\$ 51,994	\$ 27,326,686
Additions	-	-	-	410,937	-	410,937
Decreases	-	-	-	(95,726)	-	(95,726)
Reclassification	-	-	-	92,239	-	92,239
Effects of different group entities	-	-	-	-	(33,388)	(33,388)
Effects of exchange rate changes	-	(55,167)	-	8	-	(55,159)
Balance at December 31, 2020	<u>13,320,077</u>	<u>3,135,653</u>	<u>8,542,562</u>	<u>2,628,691</u>	<u>18,606</u>	<u>27,645,589</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2020	(918,015)	-	(4,988,162)	(963,277)	(15,598)	(6,885,052)
Amortization	(348,307)	-	(580,358)	(387,679)	-	(1,316,344)
Decreases	-	-	-	93,209	-	93,209
Effects of exchange rate changes	-	-	-	(31)	-	(31)
Balance at December 31, 2020	<u>(1,266,322)</u>	<u>-</u>	<u>(5,568,520)</u>	<u>(1,257,778)</u>	<u>(15,598)</u>	<u>(8,108,218)</u>
Balance at December 31, 2020, net	<u>\$ 12,053,755</u>	<u>\$ 3,135,653</u>	<u>\$ 2,974,042</u>	<u>\$ 1,370,913</u>	<u>\$ 3,008</u>	<u>\$ 19,537,371</u>

(Concluded)

Apart from the purchase policy value is amortized on present value of annuity of expected remaining policies over effective period of policies, the other items of intangible assets above are amortized on a straight-line basis over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	3-6 years

24. OTHER ASSETS

	December 31	
	2020	2019
Security borrowing margins	\$ 42,151,143	\$ 16,655,194
Overseas custodian accounts	26,684,588	24,767,815
Guarantee deposits paid	8,529,704	7,921,332
Operating guarantee deposits	8,275,495	7,931,702
Others	<u>8,624,199</u>	<u>3,332,805</u>
	<u>\$ 94,265,129</u>	<u>\$ 60,608,848</u>

The fund deposited in foreign securities is mainly for foreign subsidiaries transaction.

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	December 31	
	2020	2019
Call loans from financial institutions	\$ 11,920,784	\$ 24,370,732
Deposits from Chunghwa Post Co., Ltd.	<u>190,146</u>	<u>190,146</u>
	<u>\$ 12,110,930</u>	<u>\$ 24,560,878</u>

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	December 31	
	2020	2019
Corporate bonds	\$ 79,091,959	\$ 43,378,844
Government bonds	27,867,001	22,794,538
Bank debentures	27,655,313	29,609,111
Commercial paper	<u>249,972</u>	<u>354,838</u>
	<u>\$ 134,864,245</u>	<u>\$ 96,137,331</u>
Repurchased amounts	<u>\$ 134,922,573</u>	<u>\$ 96,297,724</u>
Last maturity date	March 2021	March 2020

27. COMMERCIAL PAPER PAYABLE, NET

	December 31	
	2020	2019
Commercial paper payable	\$ 11,566,577	\$ 12,636,085
Less: Unamortized discount	<u>(1,773)</u>	<u>(1,401)</u>
	<u>\$ 11,564,804</u>	<u>\$ 12,634,684</u>
Range of rate	0.20%-1.31%	0.54%-1.78%

As of December 31, 2020, Dah Chung Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Corporation, China Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$10,989,967 thousand, had no guarantee.

As of December 31, 2019, Mega Bills Finance Corporation, Dah Chung Bills Finance Corporation, International Bills Finance Corporation, China Bills Finance Corporation, Taiwan Finance Corporation, and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$12,072,794 thousand, had no guarantee.

28. PAYABLES

	December 31	
	2020	2019
Accounts payable for settlement	\$ 55,348,420	\$ 43,834,058
Accrued expenses and payable on insurance policies	15,087,228	12,997,313
Deposits payable for securities financing	10,281,198	11,351,628
Spot exchange payable foreign currencies	4,668,379	134,040
Exchange clearing payable	4,076,453	4,354,972
Interest payable	2,011,947	5,011,466
Others	<u>11,623,021</u>	<u>9,156,193</u>
	<u>\$ 103,096,646</u>	<u>\$ 86,839,670</u>

29. DEPOSITS AND REMITTANCES

	December 31	
	2020	2019
Time deposits	\$ 245,828,422	\$ 211,308,116
Saving deposits	131,860,446	117,915,084
Demand deposits	101,562,258	53,009,869
Negotiable CDs	5,956,700	10,380,300
Checking deposits	1,457,609	3,065,960
Inward remittance	<u>42,516</u>	<u>181,673</u>
	<u>\$ 486,707,951</u>	<u>\$ 395,861,002</u>

30. BONDS PAYABLE

	December 31	
	2020	2019
Corporate bonds payable	\$ 42,630,000	\$ 32,000,000
Bank debentures payable	<u>20,351,293</u>	<u>10,450,000</u>
	<u>\$ 62,981,293</u>	<u>\$ 42,450,000</u>

Corporate Bonds Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2020	2019			
1st corporate bonds in 2014 - the Corporation	\$ -	\$ 6,000,000	2015.03.30-2020.03.30	Interest payable annually; Principal due on maturity	1.42%
1st corporate bonds in 2015 - the Corporation	-	2,000,000	2015.09.15-2020.09.15	Interest payable annually; Principal due on maturity	1.37%
1st corporate bonds in 2017 - the Corporation	10,000,000	10,000,000	Bond A 2017.09.08-2024.09.08	Interest payable annually; Principal due on maturity	Bond A 1.75%
			Bond B 2017.09.08-2027.09.08		Bond B 1.90%
			Bond C 2017.09.08-2032.09.08		Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08	Interest payable annually; Principal due on maturity	Bond A 0.88%
			Bond B 2019.08.08-2029.08.08		Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	-	Bond A 2020.05.20-2025.05.20	Interest payable annually; Principal due on maturity	Bond A 0.75%
			Bond B 2020.05.20-2035.05.20		Bond B 0.95%
2nd corporate bonds in 2020 - the Corporation	6,000,000	-	Bond A 2020.11.30-2030.11.30	Interest payable annually; Principal due on maturity	Bond A 1.25%
			Bond B 2020.11.30-2035.11.30		Bond B 1.50%
1st corporate bonds in 2015 - KGI Securities	-	4,800,000	Bond A 2015.06.08-2018.06.08	Interest payable annually; Principal due on maturity	Bond A 1.20%
			Bond B 2015.06.08-2020.06.08		Bond B 1.42%
1st corporate bonds in 2019 - KGI Securities	4,200,000	4,200,000	Bond A 2019.11.22-2022.11.22	Interest payable annually; Principal due on maturity	Bond A 0.73%
			Bond B 2019.11.22-2024.11.22		Bond B 0.78%
			Bond C 2019.11.22-2026.11.22		Bond C 0.83%
1st corporate bonds in 2020 - China Life Insurance	<u>9,430,000</u>	<u>-</u>	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
Net amount	<u>\$ 42,630,000</u>	<u>\$ 32,000,000</u>			
Fair value	<u>\$ 43,949,621</u>	<u>\$ 32,230,073</u>			

Note: China Life Insurance has the right to redeem the bonds after 10 years from the issue date if its self-owned capital adequacy ratio is twice as higher as the required risk based capital ratio set by the competent authority. China Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

Bank Debentures Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2020	2019			
P06 KGIB 1	\$ -	\$ 1,000,000	2017.05.19-2020.05.19	Interest payable annually; Principal due on maturity	0.9%
P07 KGIB 1	3,000,000	3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; Principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; Principal due on maturity	1.4%
P09 KGIB 1	1,200,000	-	2020.03.05-2027.03.05	Interest payable annually; Principal due on maturity	0.75%
P09 KGIB 2	4,800,000	-	2020.03.05-2030.03.05	Interest payable annually; Principal due on maturity	0.8%
P09 KGIB 3	<u>4,800,000</u>	<u>-</u>	2020.08.07-2030.08.07	Interest payable annually; Principal due on maturity	0.71%
	20,250,000	10,450,000			
Valuation adjustment	<u>101,293</u>	<u>-</u>			
Net amount	<u>\$ 20,351,293</u>	<u>\$ 10,450,000</u>			
Fair value	<u>\$ 20,408,787</u>	<u>\$ 10,641,460</u>			

Note: KGI Bank has the right to redeem the bonds after 5 years and 1 month from the issue date if its self-owned capital adequacy ratio is still in accordance with the requirements set by the competent authority. KGI Bank is allowed to redeem the bonds based on the carrying value of each bond plus interest after approved by the competent authority.

31. OTHER BORROWINGS

	December 31	
	2020	2019
Short-term secured borrowings	\$ 13,737,182	\$ 12,029,866
Short-term credit borrowings	6,317,288	4,438,546
Note issuance facility	<u>4,739,049</u>	<u>4,499,595</u>
	<u>\$ 24,793,519</u>	<u>\$ 20,968,007</u>
Range of rate	0.23%-5.65%	0.61%-5.95%
Last maturity date	October 2023	December 2022

For the information on collateral of other borrowings listed, please refer to Note 49.

32. PROVISIONS

	December 31	
	2020	2019
Insurance liabilities	\$ 1,896,680,430	\$ 1,738,260,215
Foreign exchange valuation reserve	4,023,007	2,367,039
Provisions for employee benefits	1,235,579	1,093,389
Others	<u>529,167</u>	<u>526,533</u>
	<u>\$ 1,902,468,183</u>	<u>\$ 1,742,247,176</u>

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at December 31, 2020 and 2019, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	December 31	
	2020	2019
Reserve for life insurance liabilities	\$ 1,859,860,159	\$ 1,698,741,135
Unearned premium reserve	4,509,133	4,291,429
Reserve for claims	2,463,643	2,225,347
Special reserve	6,633,515	6,907,466
Premium deficiency reserve	4,139,991	6,627,546
Other reserve	<u>19,073,989</u>	<u>19,467,292</u>
	<u>\$ 1,896,680,430</u>	<u>\$ 1,738,260,215</u>

a. Reserve for life insurance liabilities:

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,499,223,671	\$ 57,268,258	\$ 1,556,491,929
Health insurance	144,514,146	-	144,514,146
Annuity insurance	641,776	156,307,556	156,949,332
Investment-linked insurance	<u>1,763,565</u>	<u>-</u>	<u>1,763,565</u>
	<u>\$ 1,646,143,158</u>	<u>\$ 213,575,814</u>	<u>\$ 1,859,718,972</u>

Note: The total amount of liability reserve is \$1,859,860,159 thousand on December 31, 2020 after reserve for life insurance-accrued paid is added.

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,340,799,216	\$ 57,182,189	\$ 1,397,981,405
Health insurance	133,612,862	-	133,612,862
Annuity insurance	676,207	164,534,387	165,210,594
Investment-linked insurance	<u>1,792,716</u>	<u>-</u>	<u>1,792,716</u>
	<u>\$ 1,476,881,001</u>	<u>\$ 221,716,576</u>	<u>\$ 1,698,597,577</u>

Note: The total amount of liability reserve is \$1,698,741,135 thousand on December 31, 2019 after reserve for life insurance-accrued paid is added.

There is no ceded liability reserve for the above insurance contracts of China Life Insurance.

Movement in reserve for life insurance liabilities is summarized below:

	For the Year Ended December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,476,881,001	\$ 221,716,576	\$ 1,698,597,577
Reserve	261,010,188	8,636,345	269,646,533
Recover	(76,970,863)	(15,374,710)	(92,345,573)
Losses (gains) on foreign exchange	<u>(14,777,168)</u>	<u>(1,402,397)</u>	<u>(16,179,565)</u>
Ending balance (Note)	<u>\$ 1,646,143,158</u>	<u>\$ 213,575,814</u>	<u>\$ 1,859,718,972</u>

Note: Reserve for life insurance liabilities were \$1,859,860,159 thousand at December 31, 2020 after adding the payment of reserve for life insurance-accrued.

	For the Year Ended December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,298,519,952	\$ 214,435,925	\$ 1,512,955,877
Reserve	254,349,016	26,204,109	280,553,125
Recover	(69,927,882)	(18,388,212)	(88,316,094)
Losses (gains) on foreign exchange	(6,061,329)	(535,246)	(6,596,575)
Others (Note 1)	<u>1,244</u>	<u>-</u>	<u>1,244</u>
Ending balance (Note 2)	<u>\$ 1,476,881,001</u>	<u>\$ 221,716,576</u>	<u>\$ 1,698,597,577</u>

Note 1: The reserve amount with respect to the acquisition of a partial of traditional insurance policies of Allianz Life Insurance Company is provided to cover the deficiency during the replenishment period according to the contract.

Note 2: Reserve for life insurance liabilities were \$1,698,741,135 thousand at December 31, 2019 after adding the payment of reserve for life insurance-accrued.

b. Unearned premium reserve

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 1,003	\$ -	\$ 1,003
Individual injury insurance	1,518,042	-	1,518,042
Individual health insurance	2,355,619	-	2,355,619
Group insurance	571,942	-	571,942
Investment - linked insurance	62,500	-	62,500
Annuity insurance	-	27	27
	<u>4,509,106</u>	<u>27</u>	<u>4,509,133</u>
Less ceded unearned premium reserve			
Individual life insurance	16,630	-	16,630
Individual injury insurance	1,778	-	1,778
Individual health insurance	33,812	-	33,812
Group insurance	4,596	-	4,596
Investment - linked insurance	4,958	-	4,958
	<u>61,774</u>	<u>-</u>	<u>61,774</u>
Net amount	<u>\$ 4,447,332</u>	<u>\$ 27</u>	<u>\$ 4,447,359</u>

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 1,072	\$ -	\$ 1,072
Individual injury insurance	1,414,617	-	1,414,617
Individual health insurance	2,249,115	-	2,249,115
Group insurance	568,302	-	568,302
Investment - linked insurance	58,248	-	58,248
Annuity insurance	-	75	75
	<u>4,291,354</u>	<u>75</u>	<u>4,291,429</u>
Less ceded unearned premium reserve			
Individual life insurance	15,728	-	15,728
Individual injury insurance	1,324	-	1,324
Individual health insurance	30,079	-	30,079
Group insurance	3,145	-	3,145
Investment - linked insurance	5,211	-	5,211
	<u>55,487</u>	<u>-</u>	<u>55,487</u>
Net amount	<u>\$ 4,235,867</u>	<u>\$ 75</u>	<u>\$ 4,235,942</u>

Movement in unearned premium reserve is summarized below:

For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 4,291,354	\$ 75	\$ 4,291,429
Reserve	4,509,108	27	4,509,135
Recover	(4,291,354)	(75)	(4,291,429)
Losses (gains) on foreign exchange	(2)	-	(2)
Ending balance	<u>4,509,106</u>	<u>27</u>	<u>4,509,133</u>
Less ceded unearned premium reserve			
Beginning balance	55,487	-	55,487
Increase	61,781	-	61,781
Decrease	(55,487)	-	(55,487)
Losses (gains) on foreign exchange	(7)	-	(7)
Ending balance	<u>61,774</u>	<u>-</u>	<u>61,774</u>
Net amount	<u>\$ 4,447,332</u>	<u>\$ 27</u>	<u>\$ 4,447,359</u>

For the Year Ended December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 3,854,738	\$ 53	\$ 3,854,791
Reserve	4,291,355	75	4,291,430
Recover	(3,854,738)	(53)	(3,854,791)
Foreign exchange gains	(1)	-	(1)
Ending balance	<u>4,291,354</u>	<u>75</u>	<u>4,291,429</u>
Less ceded unearned premium reserve			
Beginning balance	50,125	-	50,125
Increase	56,521	-	56,521
Decrease	(51,159)	-	(51,159)
Ending balance	<u>55,487</u>	<u>-</u>	<u>55,487</u>
Net amount	<u>\$ 4,235,867</u>	<u>\$ 75</u>	<u>\$ 4,235,942</u>

c. Reserve for claims

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	\$ 173,157	\$ 3,935	\$ 177,092
Unreported claim	2,260	-	2,260
Individual injury insurance			
Reported but not paid claim	42,446	-	42,446
Unreported claim	532,065	-	532,065
Individual health insurance			
Reported but not paid claim	114,688	-	114,688
Unreported claim	988,920	-	988,920
Group insurance			
Reported but not paid claim	98,924	-	98,924
Unreported claim	446,078	-	446,078
Investment - linked insurance			
Reported but not paid claim	19,724	-	19,724
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	41,382	41,382
Unreported claim	-	64	64
	<u>2,418,262</u>	<u>45,381</u>	<u>2,463,643</u>
Less ceded reserve for claims			
Individual life insurance	2,274	-	2,274
Individual injury insurance	2,237	-	2,237
Individual health insurance	10,304	-	10,304
Group insurance	6,000	-	6,000
	<u>20,815</u>	<u>-</u>	<u>20,815</u>
Net amount	<u>\$ 2,397,447</u>	<u>\$ 45,381</u>	<u>\$ 2,442,828</u>

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	\$ 210,684	\$ 93,692	\$ 304,376
Unreported claim	2,073	-	2,073
Individual injury insurance			
Reported but not paid claim	28,821	-	28,821
Unreported claim	433,328	-	433,328
Individual health insurance			
Reported but not paid claim	98,979	-	98,979
Unreported claim	750,813	-	750,813
Group insurance			
Reported but not paid claim	121,051	-	121,051
Unreported claim	405,053	-	405,053
Investment - linked insurance			
Reported but not paid claim	11,029	-	11,029
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	69,705	69,705
Unreported claim	-	119	119
	<u>2,061,831</u>	<u>163,516</u>	<u>2,225,347</u>
Less ceded reserve for claims			
Individual life insurance	3,925	-	3,925
Individual injury insurance	-	-	-
Individual health insurance	5,030	-	5,030
Group insurance	<u>4,800</u>	<u>-</u>	<u>4,800</u>
	<u>13,755</u>	<u>-</u>	<u>13,755</u>
Net amount	<u>\$ 2,048,076</u>	<u>\$ 163,516</u>	<u>\$ 2,211,592</u>

Movement in reserve for claims is summarized below:

For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 2,061,831	\$ 163,516	\$ 2,225,347
Reserve	2,418,602	45,507	2,464,109
Recover	(2,061,831)	(163,516)	(2,225,347)
Losses (gains) on foreign exchange	<u>(340)</u>	<u>(126)</u>	<u>(466)</u>
Ending balance	<u>2,418,262</u>	<u>45,381</u>	<u>2,463,643</u>
Less ceded unearned premium reserve			
Beginning balance	13,755	-	13,755
Increase	20,815	-	20,815
Decrease	<u>(13,755)</u>	<u>-</u>	<u>(13,755)</u>
Ending balance	<u>20,815</u>	<u>-</u>	<u>20,815</u>
Net amount	<u>\$ 2,397,447</u>	<u>\$ 45,381</u>	<u>\$ 2,442,828</u>

For the Year Ended December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,589,965	\$ 96,777	\$ 1,686,742
Reserve	2,061,797	164,457	2,226,254
Recover	(1,589,965)	(96,777)	(1,686,742)
Losses (gains) on foreign exchange	<u>34</u>	<u>(941)</u>	<u>(907)</u>
Ending balance	<u>2,061,831</u>	<u>163,516</u>	<u>2,225,347</u>
Less ceded unearned premium reserve			
Beginning balance	27,204	-	27,204
Increase	13,755	-	13,755
Decrease	<u>(27,204)</u>	<u>-</u>	<u>(27,204)</u>
Ending balance	<u>13,755</u>	<u>-</u>	<u>13,755</u>
Net amount	<u>\$ 2,048,076</u>	<u>\$ 163,516</u>	<u>\$ 2,211,592</u>

China Life Insurance's reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. China Life Insurance's legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment, such as, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

d. Special reserve

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	\$ 6,633,515	\$ -	\$ 6,633,515
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,633,515</u>	<u>\$ -</u>	<u>\$ 6,633,515</u>
December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	\$ 6,907,466	\$ -	\$ 6,907,466
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,907,466</u>	<u>\$ -</u>	<u>\$ 6,907,466</u>

Movement in special reserve is summarized below:

	For the Year Ended December 31	
	2020	2019
	Insurance Contract	Insurance Contract
Beginning balance	\$ 6,907,466	\$ 6,364,597
Reserve for participating policy dividend revenue	1,633,619	2,264,499
Recover for participating policy dividend revenue	(1,902,200)	(1,733,385)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	<u>(5,370)</u>	<u>11,755</u>
Ending balance	<u>\$ 6,633,515</u>	<u>\$ 6,907,466</u>

e. Special capital reserve for major incidents and fluctuation of risks

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 2,028	\$ -	\$ 2,028
Individual injury insurance	884,209	-	884,209
Individual health insurance	2,673,733	-	2,673,733
Group insurance	3,360,666	-	3,360,666
Annuity insurance	-	476	476
	<u>\$ 6,920,636</u>	<u>\$ 476</u>	<u>\$ 6,921,112</u>

December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 1,743	\$ -	\$ 1,743
Individual injury insurance	875,865	-	875,865
Individual health insurance	2,536,247	-	2,536,247
Group insurance	3,212,019	-	3,212,019
Annuity insurance	-	759	759
	<u>\$ 6,625,874</u>	<u>\$ 759</u>	<u>\$ 6,626,633</u>

f. Premium deficiency reserve

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 4,023,859	\$ -	\$ 4,023,859
Individual health insurance	116,132	-	116,132
	<u>\$ 4,139,991</u>	<u>\$ -</u>	<u>\$ 4,139,991</u>

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 6,503,281	\$ -	\$ 6,503,281
Individual health insurance	<u>124,265</u>	<u>-</u>	<u>124,265</u>
	<u>\$ 6,627,546</u>	<u>\$ -</u>	<u>\$ 6,627,546</u>

Premium deficiency reserve was not ceded in the above insurance contracts of China Life Insurance.

Movement in premium deficiency reserve is summarized as below:

	For the Year Ended December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 6,627,546	\$ -	\$ 6,627,546
Reserve	862,173	-	862,173
Recover	(3,268,916)	-	(3,268,916)
Losses (gains) on foreign exchange	<u>(80,812)</u>	<u>-</u>	<u>(80,812)</u>
Ending balance	<u>\$ 4,139,991</u>	<u>\$ -</u>	<u>\$ 4,139,991</u>

	For the Year Ended December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 7,504,145	\$ -	\$ 7,504,145
Reserve	2,403,191	-	2,403,191
Recover	(3,247,243)	-	(3,247,243)
Losses (gains) on foreign exchange	<u>(32,547)</u>	<u>-</u>	<u>(32,547)</u>
Ending balance	<u>\$ 6,627,546</u>	<u>\$ -</u>	<u>\$ 6,627,546</u>

g. Other reserve

December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	<u>\$ 19,073,989</u>	<u>\$ -</u>	<u>\$ 19,073,989</u>
December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	<u>\$ 19,467,292</u>	<u>\$ -</u>	<u>\$ 19,467,292</u>

Movement in other reserve is summarized as below:

For the Year Ended December 31, 2020			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 19,467,292	\$ -	\$ 19,467,292
Recover	<u>(393,303)</u>	<u>-</u>	<u>(393,303)</u>
Ending balance	<u>\$ 19,073,989</u>	<u>\$ -</u>	<u>\$ 19,073,989</u>
For the Year Ended December 31, 2019			
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 20,002,374	\$ -	\$ 20,002,374
Recover	<u>(535,082)</u>	<u>-</u>	<u>(535,082)</u>
Ending balance	<u>\$ 19,467,292</u>	<u>\$ -</u>	<u>\$ 19,467,292</u>

Note: The amount is transferred from the acquisition of a partial traditional insurance policies of Allianz Life Insurance on May 18, 2018.

h. Liability adequacy reserve

	Insurance Contract and Financial Instruments with Discretionary Participation Feature	
	December 31	
	2020	2019
Reserve for life insurance liabilities	\$ 1,859,718,972	\$ 1,698,597,577
Unearned premium reserve	4,509,133	4,291,429
Premium deficiency reserve	4,139,991	6,627,546
Special reserve	6,633,515	6,907,466
Other reserve	<u>19,073,989</u>	<u>19,467,292</u>
Book value of insurance liabilities	<u>\$ 1,894,075,600</u>	<u>\$ 1,735,891,310</u>
Estimated present value of cash flows	<u>\$ 1,465,210,122</u>	<u>\$ 1,299,369,920</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

China Life Insurance's liability adequacy testing methodology is listed as follows:

December 31, 2020	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2019), and discount rates were evaluated with consideration of current information.
December 31, 2019	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2018), and discount rates were evaluated with consideration of current information.

i. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

China Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	For the Year Ended December 31	
	2020	2019
Beginning balance	\$ 2,367,039	\$ 3,169,331
Reserve		
Compulsory reserve	2,334,944	1,850,078
Extra reserve	<u>5,609,102</u>	<u>3,568,203</u>
	7,944,046	5,418,281
Recover	<u>(6,288,078)</u>	<u>(6,220,573)</u>
Ending balance	<u>\$ 4,023,007</u>	<u>\$ 2,367,039</u>

China Life Insurance applied to the FSC for approval of the foreign exchange valuation reserve for the year ended December 31, 2020 as follows:

Application Time	Official Letter Jin Shou Bao No.	Amount
August 2020	1090427334	\$ 2,000,000
October 2020	2090431188	1,000,000
December 2020	1090435328	<u>1,000,000</u>
Total		<u>\$ 4,000,000</u>

3) Effects due to foreign exchange valuation reserve of China Life Insurance

Item	For the Year Ended December 31, 2020		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 16,872,610	\$ 15,547,836	\$ (1,324,774)
Earnings per share (dollar)	3.57	3.29	(0.28)
Foreign exchange valuation reserve	-	4,023,007	4,023,007
Equity	181,532,548	179,657,205	(1,875,343)

Item	For the Year Ended December 31, 2019		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 12,956,044	\$ 13,597,878	\$ 641,834
Earnings per share (dollar)	2.88	3.02	0.14
Foreign exchange valuation reserve	-	2,367,039	2,367,039
Equity	143,220,130	142,669,561	(550,569)

33. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss were \$635,366 thousand and \$615,934 thousand for the

years ended December 31, 2020 and 2019, respectively.

The Corporation's foreign subsidiaries recognized their contributions as pension expenses in accordance with their local laws and regulation and amounting to \$2,716 thousand and \$8,064 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Defined benefit plans

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

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

KGI Securities and domestic subsidiaries contributes monthly an amount equal to 2% of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KGI assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Bank places its monthly contributions to the non-managers' pension fund at authorized ratios in the Employees' Pension Reserve, which is deposited in the Bank of Taiwan. Managers' pension funds are managed by the Employee Retirement Fund Management Committee and deposited in KGI Bank's Zhonghe Branch in the committee's name. Before the end of each year, KGI Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year.

China Life Insurance adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. China Life Insurance contributes monthly a proportion amount of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, China Life Insurance assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, China Life Insurance is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 3,379,741	\$ 3,169,236
Fair value of plan assets	<u>(2,168,700)</u>	<u>(2,126,435)</u>
Net defined benefit liabilities	<u>\$ 1,211,041</u>	<u>\$ 1,042,801</u>

Movements in net defined benefit liabilities (assets) were as follows:

The Group

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<u>\$ 3,169,236</u>	<u>\$ (2,126,435)</u>	<u>\$ 1,042,801</u>
Service cost			
Current service cost	15,412	-	15,412
Past service cost	1,515	-	1,515
Net interest expense (income)	<u>25,387</u>	<u>(17,539)</u>	<u>7,848</u>
Recognized in profit or loss	<u>42,314</u>	<u>(17,539)</u>	<u>24,775</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,655)	(26,655)
Actuarial gain - changes in demographic assumptions	46,422	-	46,422
Actuarial gain - changes in financial assumptions	147,831	-	147,831
Actuarial gain - experience adjustments	<u>132,203</u>	<u>(19,417)</u>	<u>112,786</u>
Recognized in other comprehensive income	<u>326,456</u>	<u>(46,072)</u>	<u>280,384</u>
Contributions from the employer	-	(136,803)	(136,803)
Benefits paid	(158,149)	158,149	-
Change in exchange rate	<u>(116)</u>	<u>-</u>	<u>(116)</u>
Balance at December 31, 2020	<u>\$ 3,379,741</u>	<u>\$ (2,168,700)</u>	<u>\$ 1,211,041</u>
Balance at January 1, 2019	<u>\$ 3,001,474</u>	<u>\$ (2,013,124)</u>	<u>\$ 988,350</u>
Service cost			
Current service cost	16,598	-	16,598
Net interest expense (income)	<u>34,446</u>	<u>(23,526)</u>	<u>10,920</u>
Recognized in profit or loss	<u>51,044</u>	<u>(23,526)</u>	<u>27,518</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,272)	(26,272)
Actuarial gain - changes in demographic assumptions	90,479	-	90,479
Actuarial gain - changes in financial assumptions	145,759	-	145,759
Actuarial gain - experience adjustments	<u>3,180</u>	<u>(18,326)</u>	<u>(15,146)</u>
Recognized in other comprehensive income	<u>239,418</u>	<u>(44,598)</u>	<u>194,820</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	\$ -	\$ (167,894)	\$ (167,894)
Benefits paid	(122,707)	122,707	-
Change in exchange rate	<u>7</u>	<u>-</u>	<u>7</u>
Balance at December 31, 2019	<u>\$ 3,169,236</u>	<u>\$ (2,126,435)</u>	<u>\$ 1,042,801</u> (Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

The Corporation

	Valuation at December 31	
	2020	2019
Discount rates	0.25%	0.70%
Expected rates of salary increase	2.50%	2.50%

CDIB Capital Group and subsidiaries

	Valuation at December 31	
	2020	2019
Discount rates	0.25%	0.70%
Expected rates of salary increase	2.50%	2.50%

KGI and subsidiaries

	Valuation at December 31	
	2020	2019
Discount rates	0.31%-6.50%	0.78%-7.75%
Expected rates of salary increase	2.00%-4.00%	2.00%-4.00%

KGI Bank and subsidiaries

	Valuation at December 31	
	2020	2019
Discount rates	0.250%-0.500%	0.700%-0.875%
Expected rates of salary increase	2.500%-3.000%	2.500%-3.000%

China Life Insurance

	Valuation at December 31	
	2020	2019
Discount rates	0.45%	0.80%
Expected rates of salary increase	0.00%-1.58%	0.00%-1.58%

China Development Asset Management Corporation

	Valuation at December 31	
	2020	2019
Discount rates	0.25%	0.70%
Expected rates of salary increase	2.50%	2.50%

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

The Group

	December 31	
	2020	2019
Discount rate(s)		
0.25-0.50% increase	\$ (155,951)	\$ (149,041)
0.25-0.50% decrease	\$ 167,136	\$ 160,085
Expected rate(s) of salary increase		
0.25-1.00% increase	\$ 182,533	\$ 173,005
0.25-1.00% decrease	\$ (168,740)	\$ (159,908)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ <u>93,035</u>	\$ <u>153,048</u>
The average duration of the defined benefit obligation	6.29-17.23 years	6.37-25.00 years

34. OTHER FINANCIAL LIABILITIES

	December 31	
	2020	2019
Separate-account product liabilities	\$ 84,564,106	\$ 77,922,118
Customers' equity accounts - futures	52,541,011	36,222,720
Principal received on structured products	25,792,877	35,134,804
Others	<u>354,235</u>	<u>442,891</u>
	<u>\$ 163,252,229</u>	<u>\$ 149,722,533</u>

35. EQUITY

a. Capital

Common stock

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>20,000,000</u>	<u>20,000,000</u>
Shares authorized	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>14,973,271</u>	<u>14,968,408</u>
Shares issued	<u>\$ 149,732,712</u>	<u>\$ 149,684,080</u>

b. Capital surplus

	December 31	
	2020	2019
Arising from treasury stock transactions	\$ 1,468,147	\$ 927,908
Share-based payments awards	78,558	84,814
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	80,994	80,994
Others	<u>29</u>	<u>29</u>
	<u>\$ 1,627,728</u>	<u>\$ 1,093,745</u>

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

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital or according to Rule No. 09900738571 issued by FSC, the Corporation reclassified the legal reserve which exceed paid-in capital, then reversed the surpass part to retained earnings in line with the approval of FSC.

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

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

d. Appropriation of earnings

To continually expand the Corporation's operations and increase its profitability as well as comply with the Corporation Act and relevant regulations, the Corporation adopts the residual dividend policy. The Corporation decides the conditions for time and amount of dividend allocation based on regulations and the Company's Articles of Incorporation. Taking the Corporation's business plan into account, the Corporation would pay dividends in the form of stock. In any case the cash dividends should not be less than 10% of total dividends distributed.

The board of director revised the proposal of the remaining net income and unappropriated accumulated earnings can cover previous years' accumulated losses and related taxes, if any, are sequenced as follows legal reserve on the current year's net income and a special reserve or reversal defined by laws, then plus the earnings as dividends to shareholders. After the distribution of priority preferred share dividends in accordance with the regulations, the final remainder of distribution for bonus with 30% to 100% of distribution given the unappropriated earnings at the beginning of the period, as proposed by the board of directors and approved in the shareholders' meeting.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

On June 12, 2020, the shareholders' meeting approved the earnings appropriation of 2019. On June 14, 2019, the shareholders' meeting approved the resolution on the appropriations from the earnings of 2018 and capital surplus cash payment of 2018, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
<u>Earnings appropriation</u>				
Legal reserve	\$ 1,254,763	\$ 785,269		
Appropriation (reversal) of special reserve	(10,232,858)	10,232,858		
Cash dividends	8,982,659	3,666,666	\$0.6	\$0.245
<u>Capital surplus cash payment</u>				
Capital surplus	-	823,129	-	0.055

Related information can be accessed at the Market Observation Post System on website of the Taiwan Stock Exchange.

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Beginning balance	\$ 108,940,026	\$ 64,330,223
Attributable to non-controlling interests		
Share of profit for the period	8,021,009	6,858,131
Exchange differences on translation of financial statements of foreign operations	(29,595)	(16,514)
Actual losses arising from defined benefit plans	(27,850)	(49,095)
Gain (loss) on equity instruments measured at FVTOCI	5,197,154	827,363
Gain (loss) on debt instrument measured at FVTOCI	11,839,468	19,825,564
Other comprehensive income (loss) reclassified using the overlay approach	(356,639)	10,800,672
Effect of changes on consolidated subsidiary	(312,981)	-
Reduction of cash capital by subsidiaries	(2,961,375)	-
Payment of cash dividends by subsidiaries	(1,806,361)	(61,211)
Changes in percentage of ownership interests in subsidiaries	-	6,220,045
Changes in non-controlling interests arising from paying dividends to subsidiaries	219,973	109,986
Treasury stock transactions recognized from subsidiaries	1,164,350	-
Others	<u>2,800</u>	<u>94,862</u>
Ending balance	<u>\$ 129,889,979</u>	<u>\$ 108,940,026</u>

36. SUBSIDIARY INFORMATION OF NON-CONTROLLING INTERESTS

Subsidiaries	The Main Place of Business	Non-controlling Interests Held by the Proportion of Equity	
		December 31	
		2020	2019
China Life Insurance	Taipei	65.18%	65.18%

		Net Income Attributed to Non-controlling Interests	
		For the Year Ended December 31	
		2020	2019
China Life Insurance		<u>\$ 7,982,781</u>	<u>\$ 6,835,155</u>

		Non-controlling Interests	
		December 31	
		2020	2019
China Life Insurance		<u>\$ 129,573,647</u>	<u>\$ 105,327,753</u>

The following aggregated financial information was prepared based on the amount before the intercompany transaction sales, and it has reflected the impact of the purchase method when the company acquired China Life Insurance.

China Life Insurance

		December 31	
		2020	2019
Total assets		\$ 2,241,243,129	\$ 2,021,995,862
Total liabilities		<u>2,043,455,904</u>	<u>1,861,406,605</u>
Equity		<u>\$ 197,787,225</u>	<u>\$ 160,589,257</u>
Equity attributable to:			
Owners of parent		\$ 68,213,578	\$ 55,261,504
Non-controlling interest		<u>129,573,647</u>	<u>105,327,753</u>
		<u>\$ 197,787,225</u>	<u>\$ 160,589,257</u>
		For the Year Ended December 31	
		2020	2019
Revenue		<u>\$ 320,010,492</u>	<u>\$ 336,223,438</u>
Net profit for the period		\$ 12,247,155	\$ 10,498,362
Other comprehensive income		<u>25,500,843</u>	<u>48,245,435</u>
Total comprehensive income		<u>\$ 37,747,998</u>	<u>\$ 58,743,797</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
Net profit attributable to:		
Owners of parent	\$ 4,264,374	\$ 3,663,207
Non-controlling interest	<u>7,982,781</u>	<u>6,835,155</u>
	<u>\$ 12,247,155</u>	<u>\$ 10,498,362</u>
Comprehensive income attributable to:		
Owners of parent	\$ 13,143,589	\$ 20,517,639
Non-controlling interest	<u>24,604,409</u>	<u>38,226,158</u>
	<u>\$ 37,747,998</u>	<u>\$ 58,743,797</u>
Cash flows		
From operating activities	\$ 156,538,868	\$ 117,875,493
From investing activities	(148,265,239)	(84,011,020)
From financing activities	<u>7,175,163</u>	<u>9,115,824</u>
Net increase in cash	<u>\$ 15,448,792</u>	<u>\$ 42,980,297</u>
Dividend payment to non-controlling interests	<u>\$ 1,745,638</u>	<u>\$ -</u> (Concluded)

37. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the year ended <u>December 31, 2020</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	<u>378,493</u>	<u>-</u>	<u>252,164</u>	<u>126,329</u>
For the year ended <u>December 31, 2019</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	<u>443,531</u>	<u>-</u>	<u>65,038</u>	<u>378,493</u>

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition were treated as treasury stock. KGI Securities entered into a trust contract with China Trust Commercial Bank (CTBC) in September 2018, and entrusted shares of Capital Securities Corporation to them. During the contract period, the trustee, CTBC, would deal with the shares in accordance with the contract. CTBC had finished the deal in December 2020. The market price of the shares was \$1,777,144 thousand on December 31, 2019. The Corporation's shares held by China Life Insurance are also treated as treasury stock and recognized book value by the proportion of shares acquired on the purchase date of acquisition. The market prices of the shares were \$1,174,857 thousand and \$1,905,596 thousand on December 31, 2020 and 2019, respectively.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

38. INTEREST PROFIT, NET

	For the Year Ended December 31	
	2020	2019
<u>Interest revenues</u>		
Securities	\$ 57,857,759	\$ 56,500,940
Discounts and loans	10,424,471	11,871,880
Others	<u>4,061,641</u>	<u>4,746,750</u>
	<u>72,343,871</u>	<u>73,119,570</u>
<u>Interest expenses</u>		
Deposits	3,100,952	5,039,026
Notes and bonds issued under repurchase agreements	929,976	2,445,873
Corporate bonds	394,084	399,701
Borrowing interest expense	388,190	493,899
Others	<u>826,716</u>	<u>1,263,541</u>
	<u>5,639,918</u>	<u>9,642,040</u>
Interest profit, net	<u>\$ 66,703,953</u>	<u>\$ 63,477,530</u>

39. SERVICE FEE AND COMMISSION, NET

	For the Year Ended December 31	
	2020	2019
<u>Service fee revenue and commission income</u>		
Brokerage	\$ 12,159,002	\$ 7,752,664
Security lending	808,424	875,906
Trust	741,687	572,648
Commission income - insurance	462,127	601,868
Others	<u>2,461,351</u>	<u>2,267,189</u>
	<u>16,632,591</u>	<u>12,070,275</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
<u>Service fee expense and commission expense</u>		
Commission expense - insurance	\$ 8,859,808	\$ 11,421,142
Brokerage	1,856,834	1,297,175
Others	<u>3,055,133</u>	<u>2,976,916</u>
	<u>13,771,775</u>	<u>15,695,233</u>
Service fee and commission, net	<u>\$ 2,860,816</u>	<u>\$ (3,624,958)</u>
		(Concluded)

40. NET INCOME FROM INSURANCE OPERATIONS

	For the Year Ended December 31	
	2020	2019
<u>Insurance business income</u>		
Premium income	\$ 244,262,124	\$ 261,807,875
Reinsurance premium expense	(1,436,951)	(1,335,913)
Changes in unearned premium reserve	<u>(211,412)</u>	<u>(431,277)</u>
Retained earned premium	242,613,761	260,040,685
Separate-account insurance products revenues	<u>9,521,558</u>	<u>10,573,123</u>
	<u>252,135,319</u>	<u>270,613,808</u>
<u>Insurance business expense</u>		
Insurance claim payments	(108,542,178)	(104,329,343)
Claims recovered from reinsures	<u>747,249</u>	<u>740,223</u>
Retained claim payments	(107,794,929)	(103,589,120)
Brokerage expense	(8,198)	(12,534)
Disbursements toward industry stability fund	(412,394)	(442,149)
Changes in foreign exchange valuation reserve	(1,655,968)	802,292
Separate-account insurance products expenses	<u>(9,521,558)</u>	<u>(10,573,123)</u>
	<u>(119,393,047)</u>	<u>(113,814,634)</u>
Insurance business, net	<u>\$ 132,742,272</u>	<u>\$ 156,799,174</u>

41. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Year Ended December 31	
	2020	2019
Derivatives	\$ 14,295,997	\$ 322,494
Stocks	17,023,045	24,560,218
Operating securities	6,639,505	3,696,524
Mutual funds	5,615,392	10,588,671
Bonds	3,058,664	4,523,505
Others	<u>3,092,667</u>	<u>4,681,036</u>
	<u>\$ 49,725,270</u>	<u>\$ 48,372,448</u>

For the years ended December 31, 2020 and 2019, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$3,182,919 thousand and \$5,555,366 thousand, respectively, dividend income of \$11,261,366 thousand and \$9,699,008 thousand, respectively and interest expense of \$758,748 thousand and \$1,401,053 thousand, respectively.

42. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2020	2019
Gain on bond disposal	\$ 8,614,283	\$ 6,251,489
Dividend income	1,238,830	816,561
Others	<u>11,118</u>	<u>-</u>
	<u>\$ 9,864,231</u>	<u>\$ 7,068,050</u>

43. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2020	2019
Employee benefit expense		
Salaries and wages	\$ 14,435,157	\$ 12,804,669
Employee insurance	1,093,369	1,059,309
Pension	693,285	651,516
Others	<u>1,331,773</u>	<u>1,132,830</u>
	<u>\$ 17,553,584</u>	<u>\$ 15,648,324</u>
Depreciation and amortization expenses	<u>\$ 3,454,115</u>	<u>\$ 3,297,943</u>

The Company's Articles of Incorporation stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors.

The employees' compensation bonus of employees and remuneration to directors and supervisors for 2020 and 2019 which have been approved by the board of directors on March 22, 2021 and March 30, 2020, respectively, were as follows. The employees' compensation bonus and remuneration of directors and supervisors for 2019 was reported in the shareholders meeting on June 12, 2020.

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation to employees	\$ 134,000	\$ 127,000
Remuneration of directors and supervisors	133,000	126,000

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

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

The information on the proposed and approved compensation to employees and directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

44. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The principle adopted by the Group under the linked-tax system is to reduce the income tax liabilities of the Group and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Group. The Group adopt the linked-tax system for tax filings. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation with its qualified subsidiaries are allocated and adjusted to income tax expense/benefit on the Corporation and each subsidiary pro rata; related amounts are recognized as receivables from parent or payable on parent.

a. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax		
Current period	\$ 4,318,228	\$ 1,718,697
Prior years	(137,932)	(340,836)
Income tax on unappropriated earnings	658,208	-
Others	<u>(164,787)</u>	<u>(21,437)</u>
	4,673,717	1,356,424
Deferred income tax	<u>(3,401,610)</u>	<u>555,562</u>
Income tax expense recognized in profit or loss	<u>\$ 1,272,107</u>	<u>\$ 1,911,986</u>

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

	For the Year Ended December 31	
	2020	2019
Income tax expenses at the statutory rate	\$ 4,389,679	\$ 4,313,161
Effect of different tax rates of group entities operating in other jurisdictions	130,522	(201,664)
Permanent differences	(5,198,662)	(4,376,880)
Unrecognized temporary differences	(41,053)	519,505
Loss carryforwards	4,802	107,135
Prior year's adjustments	(137,932)	(340,836)
Additional income tax under the Alternative Minimum Tax Act	1,281,430	1,655,843
Income tax on unappropriated earnings	658,208	-
Others	<u>185,113</u>	<u>235,722</u>
	<u>\$ 1,272,107</u>	<u>\$ 1,911,986</u>

c. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	\$ (38,858)	\$ -
Deferred income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	806,442	122,014
(Gain) loss on debt instruments at fair value through other comprehensive income	3,261,415	7,158,091
Actuarial gain (loss) on defined benefit plans	(45,277)	(23,607)
(Gain) loss on reclassification using the overlay approach	<u>(363,608)</u>	<u>952,068</u>
Income tax expense	<u>\$ 3,620,114</u>	<u>\$ 8,208,566</u>

d. Income tax expense (benefit) recognized in equity were as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax		
Disposal of equity instruments at fair value through other comprehensive income	\$ (62,300)	\$ (131,545)
Deferred income tax (benefit)		
Gain (loss) on equity instruments at fair value through other comprehensive income	62,300	131,545
Deferred income tax related to tax losses and reversals	<u>(14,935)</u>	<u>(136,619)</u>
Income tax benefit	<u>\$ (14,935)</u>	<u>\$ (136,619)</u>

e. Deferred tax assets and liabilities

	December 31	
	2020	2019
<u>Deferred tax assets</u>		
Unrealized loss on foreign exchange	\$ 10,662,456	\$ 6,317,894
Loss carryforwards	34,878	2,441,730
Allowance for bad debts	516,110	476,677
Financial products valuation	690,395	208,622
Others	<u>496,126</u>	<u>443,997</u>
	<u>\$ 12,399,965</u>	<u>\$ 9,888,920</u>
<u>Deferred tax liabilities</u>		
Gain on financial asset at fair value through profit or loss	\$ 8,896,865	\$ 6,337,854
Purchase policy value	2,410,751	2,480,412
Goodwill	986,154	986,154
Investment property	1,106,173	883,234
Debt instruments measured at amortized cost	797,200	816,199
Land value increment tax	768,050	768,050
Others	<u>346,177</u>	<u>661,955</u>

\$ 15,311,370 \$ 12,933,858

- f. Amount of unused loss carryforwards of unrecognized deferred income tax assets in the balance sheet

The information of the Corporation is as follows:

	December 31	
	2020	2019
Deductible amount of taxable income		
Expiry in 2021	<u>\$ -</u>	<u>\$ 213,819</u>

The information of CDIB Capital Group is as follows:

	December 31	
	2020	2019
Deductible amount of taxable income		
Expiry in 2021	<u>\$ -</u>	<u>\$ 215,144</u>

The information of KGI Bank is as follows:

	December 31	
	2020	2019
Deductible amount of taxable income		
Expiry in 2019	\$ -	\$ 5,550,934
Expiry in 2020	-	644,227
Expiry in 2021	<u>633,650</u>	<u>-</u>
	<u>\$ 633,650</u>	<u>\$ 6,195,161</u>

- g. Amount of unused loss carryforwards

As of December 31, 2020, the loss carryforwards related information of KGI Bank is as follows:

Amount of Unused Carryforwards	Final Carryforwards Year
<u>\$ 796,098</u>	2021

- h. Income tax assessments

The Corporation's income tax returns through 2015 had been examined by the tax authorities. The Corporation did not agree with the assessment of the taxes in 2015, and was in the process of administrative remedy.

The income tax returns of CDIB Management Consulting Corporation and CDC Finance & Leasing Corp. through 2018 had been examined by the tax authorities. The income tax returns of KGI bank through 2015 had been examined by the tax authorities. The income tax returns of formerly Wanyin Insurance Broker through 2014 had been examined by the tax authorities.

The income tax returns of KGI Securities for the years through 2015 had been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes in 2015, and was in the process of administrative remedy.

The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Venture Capital Co., Ltd., KGI Securities Investment Advisory Co., Ltd., KGI Securities Investment Trust Co., Ltd. and KGI Futures Co., Ltd. through 2018 had been examined by the tax authorities. The income tax returns of KGI Information Technology Co., Ltd. through 2019 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2015 had been examined by the tax authorities.

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

Income tax returns of formerly CHG3, CHG4, Development Industrial Bank Asset Management Corp., through 2018 had been examined by the tax authorities. Formerly China Development Asset Management Corp. through 2017 and 2019 had been examined by the tax authorities.

Capital Life Insurance's income tax returns through 2017 had been examined by the tax authorities.

45. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Basic EPS	<u>\$ 0.87</u>	<u>\$ 0.88</u>
Diluted EPS	<u>\$ 0.87</u>	<u>\$ 0.88</u>

The earnings and weighted average number of common shares outstanding in the computation of EPS were as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of EPS	<u>\$ 12,655,277</u>	<u>\$ 12,795,690</u>

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2020	2019
Weighted average number of common shares outstanding in computation of basic EPS	14,615,571	14,548,414
Effect of dilutive potentially common shares:		
Employee share options	7,767	12,665
Restricted shares	<u>31</u>	<u>574</u>
Weighted average number of common shares outstanding in computation of diluted EPS	<u>14,623,369</u>	<u>14,561,653</u>

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 and 11,088 thousand options on conversion date, September 15, 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now.

Besides, the Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 7 years and exercisable 2 years after the issuance date.

For any subsequent changes in the Corporation's issued common stocks, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	50,514	\$ 7.33	56,166	\$ 7.54
Options exercised	(4,864)	7.11	(5,052)	7.39
Options invalid	<u>(1,541)</u>	7.11	<u>(600)</u>	7.48
Balance at December 31	<u>44,109</u>	6.92	<u>50,514</u>	7.33
Options exercisable, end of period	<u>44,109</u>	6.92	<u>50,429</u>	7.33
Weighted-average remaining contractual life (years)	0.58		1.59	

The weighted-average share price at the date of exercise of share options for the years ended December 31, 2020 and 2019 were \$8.85 and \$9.80, respectively.

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	\$9.54-\$10
Exercise price	\$7.68-\$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the years ended December 31, 2020 and 2019 were \$16 thousand and \$1,540 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is \$44,780 thousand in total, and \$10 per face value totaled 4,478 thousand shares with issue price of \$0 (free issuance) at February 1, 2016. Further, the board of directors made February 4, 2016 as the base-date for capital increase. Fair value on the payment day of the stock was \$7.61.

The board of directors of the Corporation has decided to issue restricted shares plan which is \$13,216 thousand in total, and \$10 per face value totaled 1,322 thousand shares with issue price of \$0 (free issuance) at January 19, 2017. Further, the board of directors made January 25, 2017 as the base-date for capital increase. Fair value on the payment day of the stock was \$7.98.

The vesting portion of shares is summarized and managed year by year, and the vesting rate of the shares is 40%, 30% and 30% for 1-year, 2-year and 3-year respectively. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees do not have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the years ended December 31, 2020 and 2019, the Corporation recognized \$0 thousand and 1,339 thousand as compensation cost.

47. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 25, 2019, the Group subscribed for the additional new shares issued by of China Life Insurance at a percentage different from its existing ownership percentage, resulting in a reduction of its equity interests in China Life Insurance from 34.96% to 34.82%.

The above transactions were accounted for as equity transactions, since there is no change of the Group’s control over China Life Insurance.

	China Life Insurance
Cash consideration received	\$ 6,157,290
Changes in non-controlling interests	(6,235,645)
Reattribution of other equity to (from) non-controlling interests	
- exchange differences on translation of financial statements of foreign operations	23
- unrealized gain (loss) on financial assets at FVTOCI	11,727
- other comprehensive income reclassified using the overlay approach	5,322
Treasury shares	(7,299)
Capital surplus	<u>216</u>
Differences recognized from equity transactions	<u>\$ (68,366)</u>

(Continued)

**China Life
Insurance**

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ (67,394)
Unappropriated earnings	<u>(972)</u>
	<u>\$ (68,366)</u>
	(Concluded)

48. RELATED-PARTY TRANSACTIONS

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

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Others	Other related parties

b. Significant transactions with related-parties

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

	Amount	%
December 31, 2020	\$ 10,851,339	2
December 31, 2019	12,062,866	2

- 2) Bank debentures (recognized as debt instruments measured at amortized cost)

For the years ended December 31, 2019, the interest revenues from bank debentures were \$49,257 thousand.

- 3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2019</u>		
Other related parties	\$ 49,636	\$ 739,213

- 4) Revenue receivable (recognized as receivables, net)

	Amount	%
December 31, 2020	\$ 572,760	-
December 31, 2019	103,463	-

5) Receivable on margin loans (recognized as receivables, net)

	Amount	%
December 31, 2020	\$ 36,243	-
December 31, 2019	28,999	-

6) Credit card receivable (recognized as receivables, net)

	Amount	%
December 31, 2020	\$ 16,218	-
December 31, 2019	23,300	-

7) Other receivables (recognized as receivables, net)

	Amount	%
December 31, 2020	\$ 9,757	-
December 31, 2019	28,412	-

8) Discounts and loans, net

KGI Bank

	Amount	%	Interest Rate (%)
December 31, 2020	\$ 1,029,731	-	0.00-15.00
December 31, 2019	1,140,878	-	1.54-15.00

For the years ended December 31, 2020 and 2019, the interest revenues from discounts and loans were \$14,705 thousand and \$17,513 thousand, respectively.

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	44	\$ 38,964	\$ 16,992	\$ 16,992	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	86	1,324,357	1,002,832	1,002,832	-	Real estate	Yes
Others	8	16,259	9,907	9,907	-	Real estate	Yes

For the Year Ended December 31, 2019

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	40	\$ 38,362	\$ 18,667	\$ 18,667	\$ -	None	Yes
Residential mortgage loans	90	1,437,353	1,110,300	1,110,300	-	Real estate	Yes
Others	7	17,070	11,911	11,911	-	Real estate	Yes

China Life Insurance

	Amount	%
December 31, 2020	\$ 22,602	-
December 31, 2019	15,714	-

9) Guarantee deposits received in futures contracts (recognized as other financial assets)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 13,996		\$ 920	-

10) Increase of cash capital by China Life Insurance

	For the Year Ended December 31, 2019 Amount
Other related parties	\$ 139,531

11) Temporary payments (recognized as other assets, net)

	December 31, 2019	
	Amount	%
Other related parties	\$ 140,000	-

12) Call loans from banks (recognized as deposits from the Central Bank and financial institutions)

For the year ended December 31, 2019, the interest expenses from call loans from banks was \$14,477 thousand.

13) Other payables (recognized as payables)

	Amount	%
December 31, 2020	\$ 703,049	1
December 31, 2019	55,337	-

14) Deposits and remittances

	Amount	%	Interest Rate (%)
December 31, 2020	\$ 1,374,476	-	0-5.58
December 31, 2019	1,885,195	-	0-5.58

For the years ended December 31, 2020 and 2019, the interest expenses from deposits and remittances were \$9,148 thousand and \$11,894 thousand, respectively.

15) Unearned receipt (recognized as other liabilities)

	Amount	%
December 31, 2020	\$ 112,459	-
December 31, 2019	83,199	-

16) Brokerage handling fee revenue (recognized as service fee and commission, net)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 17,999	1	\$ 10,297	-

17) Premium income (recognized as insurance business, net)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 126,250	-	\$ 235,226	-

18) Consulting service revenue (recognized as other noninterest profits and gains, net)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 547,952	16	\$ 625,571	19

19) Donation (recognized as other general and administrative expense)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 88,750	1	\$ 40,000	1

20) Gain (loss) on financial assets or liabilities measured at FVTPL-dividend income

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 244,314	-	\$ 171,341	-

21) Outstanding derivative financial instruments

KGI Securities

	December 31	
	2020	2019
<u>Structured products liabilities</u>		
Other related parties	\$ 40,133	\$ 30,133

22) Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Salary and short-term benefits	\$ 620,064	\$ 683,633
Post-employment benefits	2,005	3,073
Share-based payment	-	1,924
	<u>\$ 622,069</u>	<u>\$ 688,630</u>

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

c. Related-party transactions were at costs or prices of at least NT\$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

Related Party	Relationship with the KGI Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Futures contract (recognized as cash and cash equivalents)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 120,667	1	\$ 178,856	2

2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2020</u>		
Subsidiary of the parent company	\$ 2,500,000	\$ 129,000
<u>For the year ended December 31, 2019</u>		
Subsidiary of the parent company	456,295	712,331

3) Call loans from securities company (recognized as other financial assets, net)

	December 31, 2019	
	Amount	%
Subsidiary of the parent company	\$ 903,180	46

4) Payable on parent (recognized as current tax liabilities)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Parent company	\$ 644,352	100	\$ 600,802	100

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

5) Deposits and remittances

	Amount	%	Interest Rate (%)
<u>December 31, 2020</u>			
Parent company	\$ 14,837,864	3	0-0.65
Subsidiary of the parent company	11,341,397	2	0-2.28
Other related parties	250,000	-	0.38
<u>December 31, 2019</u>			
Parent company	2,871,141	1	0-0.73
Subsidiary of the parent company	21,843,622	5	0-1.03

6) Temporary receipts (recognized as other liabilities)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 2,045,386	33	\$ 2,188,412	36

The above account is temporary receipts of Automated Clearing House (ACH).

7) Service fee revenue

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 189,378	9	\$ 317,992	15

8) Other general and administrative expenses

	December 31, 2020	
	Amount	%
Subsidiary of the parent company	\$ 102,984	6

9) Outstanding derivative financial instrument

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2020-April 13, 2021	\$ 14,174,178	\$ (115,520)	Financial assets at FVTPL	\$ 2,294
					Financial liabilities at FVTPL	117,814
	Cross-currency swap contracts	March 12, 2020-May 26, 2022	590,470	47,999	Financial assets at FVTPL	47,999

December 31, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	March 12, 2019-September 30, 2022	\$ 190,000	\$ 5,980	Financial assets at FVTPL	\$ 5,980
					Financial liabilities at FVTPL	20,442
	Asset swap - options	March 12, 2019-September 16, 2022	190,000	(20,442)	Financial assets at FVTPL	4,303
					Financial liabilities at FVTPL	169,949

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 836,736	8	\$ 1,992,881	12

2) Financial assets at fair value through profit and loss - current

	December 31			
	2020		2019	
	Amount	%	Amount	%
<u>Open ended fund and money market instruments and other securities</u>				
Other related parties	\$ 580,998	1	\$ 578,634	1
<u>Operating securities</u>				
Subsidiary of the parent company	4,849,985	6	-	-
Other related parties	1,737,214	2	1,089,190	1

3) Financial assets at fair value through other comprehensive income - current

	December 31, 2019	
	Amount	%
<u>Stocks</u>		
Parent company	\$ 1,777,144	8

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2020</u>		
Subsidiary of the parent company	\$ 129,000	\$ 10,740,400
<u>For the year ended December 31, 2019</u>		
Subsidiary of the parent company	3,164,523	13,307,285
Other related parties	-	739,213

5) Guarantee deposits received in futures contracts

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 710,692	1	\$ 208,032	1

6) Receivables

	December 31, 2020	
	Amount	%
Other related parties	\$ 546,996	1

7) Amounts held for settlement (recognized as other current assets)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 343,145	1	\$ 306,467	1

8) Restricted assets (recognized as other current assets)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 1,916,446	5	\$ 9,775,316	26

9) Temporary payments (recognized as other current assets)

	December 31, 2019	
	Amount	%
Other related parties	\$ 140,000	-

10) Short-term borrowings

	December 31, 2019	
	Amount	%
Subsidiary of the parent company	\$ 903,180	5

11) Customer's equity accounts - futures

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 122,324	-	\$ 182,705	1

12) Payables

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ -	-	\$ 644,738	1
Other related parties	547,761	1	-	-

13) Current tax liabilities

December 31			
2020		2019	
Amount	%	Amount	%
Parent company	\$ 1,199,385	76	\$ 737,608 82

14) Other operating revenue

For the Year Ended December 31			
2020		2019	
Amount	%	Amount	%
Subsidiary of the parent company	\$ 290,597	13	\$ 399,496 21

15) Other operating expense

For the Year Ended December 31			
2020		2019	
Amount	%	Amount	%
Subsidiary of the parent company	\$ 155,762	4	\$ 209,187 6

16) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

December 31, 2020		
Amount	%	
Parent company	\$ 104,082	-

17) Outstanding derivative financial instruments

a) Currency swap contracts

December 31, 2019	
Contract Amount (Principal)	
Subsidiary of the parent company	\$ 620,424

b) Asset swap IRS contracts value

December 31, 2019	
Contract Amount (Principal)	
Subsidiary of the parent company	\$ 190,000

c) Asset swap options contracts

	December 31, 2019
	Contract Amount (Principal)
Subsidiary of the parent company	\$ 190,000

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 5,857,551	64	\$ 5,786,872	47

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

	December 31, 2019	
	Amount	%
Other related parties	\$ 201,174	71

3) Receivables from parent (recognized as current tax assets)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Parent company	\$ 240,257	97	\$ 211,214	79

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

4) Payables to parent (recognized as current tax liabilities)

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

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

5) Cash dividend payable

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

6) Consulting service revenue

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 154,972	26	\$ 211,554	31

7) Outstanding derivative financial instrument

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	\$ 537,118	\$ (49,784)	Financial liabilities at FVTPL	\$ 48,000

China Life Insurance

Related Party	Relationship with the China Life Insurance
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 1,503,444	1	\$ 3,996,654	5

2) Receivables

	December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 2,045,386	10	\$ 2,832,529	11

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	\$ 8,452,235	2	\$ 10,113,305	3

4) Financial assets at fair value through other comprehensive income

	December 31			
	2020		2019	
	Amount	%	Amount	%

Stocks

Parent company	\$ 3,374,154	1	\$ 5,472,816	1

5) Bonds payable

	December 31, 2020	
	Amount	%
Subsidiary of the parent company	\$ 4,850,000	49

6) Investment balances appointed to related parties' discretionary investment

	December 31	
	2020	2019
Subsidiary of the parent company	\$ 1,737,861	\$ 1,867,336

7) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the year ended December 31, 2020</u>		
Subsidiary of the parent company	\$ 8,231,600	\$ -
<u>For the year ended December 31, 2019</u>		
Subsidiary of the parent company	12,850,481	2,452,192

8) Service fee revenue

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 159,611	15	\$ 213,145	19

9) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Parent company	\$ 337,481	3	\$ 168,740	2

10) Commission expense

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	\$ 371,858	4	\$ 706,814	6

11) Outstanding derivative financial instrument

December 31, 2020

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	February 6, 2020 - April 13, 2021	US\$ 375,000	Financial assets at FVTPL	\$ 118,238
	Currency swap contracts	November 25, 2020 - February 26, 2021	US\$ 120,000	Financial liabilities at FVTPL	1,278

December 31, 2019

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	October 3, 2019 - August 26, 2020	US\$ 445,000	Financial assets at FVTPL	\$ 169,924

49. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial paper payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for overseas bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	December 31	
	2020	2019
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	\$ 16,502,418	\$ 18,198,972
Property and equipment, net	4,601,044	4,488,821
Accounts receivable - installment accounts receivables and lease receivables	2,394,205	2,506,872
Other financial assets - pledged time deposits	2,278,271	2,635,869
Financial assets at fair value through other comprehensive income	596,231	704,580
Due from the Central Bank and call loans to financial institutions	500,000	-
Financial assets at fair value through profit or loss	173,300	1,065,864
Investment property, net	122,196	271,404

Note: 88,500 thousand of China Life Insurance shares held by KGI Securities on December 31, 2020 and 2019 have been pledged.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 53 and 55 were summarized as follows:

- a. In April 2007, the Corporation and Morgan Stanley entered into a credit default swap (CDS) contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to the Corporation. On July 15, 2010, the Corporation initiated action (“Litigation”) against Morgan Stanley & Co. International PLC (“Morgan Stanley”) et al. to recover losses the Corporation suffered as a result of its investment in a Morgan Stanley’s CDS product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and the Corporation had recognized all gains and losses from the transaction. The balance of US\$11,978 thousand (NT\$341,469 thousand based on the exchange rate on December 31, 2020) was reclassified to “other financial liabilities”. In addition, Morgan Stanley overlooked the Corporation’s efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand) in August 2010; the Corporation reserves the right to legal proceedings. After going through discovery, deposition, and expert discovery phases, the Litigation is pending in the Supreme Court of the State of New York for jury trial. In March 2021, the Corporation reached an agreement to settle the Litigation with Morgan Stanley, and the parties have agreed to discontinue all claims and to release each other from associated claims and liabilities.

- b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. On June 14, 2010, the plaintiffs sued KGI Securities, Taiwan Kolin Co., Ltd., the principal of formerly management team, Moore Stephens and the auditor with jointly liability amounted to \$133,308 thousand plus 5% interest. The Taipei District Court judged that KGI Securities won favorable decisions in the first instance on January 29, 2021.
- c. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK\$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK\$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.
- d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of \$592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. On November 29, 2019, the Taipei District Court judged that CDIB Capital Management Corporation partially lost the lawsuit, and should pay \$31,010 thousand plus 5% interest (from November 13, 2013 till the date of payment). CDIB Capital Management Corporation and Powercom Ltd. has appealed on January 9, 2020, and could not estimate the related possible loss because the case was currently pending with the Taiwan High Court and the final outcome of the court is uncertain.
- e. The case KGI Bank acted vigorously in regards to Prince Motors’ overdue debt. In December 2012, a third party regards revoked a lawsuit claiming that KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court judged that KGI Bank lost the lawsuit and has to return the amount of \$1,786,318 thousand for re-allocation. KGI Bank has appealed on March 10, 2014, and the original adjudication in favor of the third party was revoked by the court, which indicated KGI Bank on the second trial. The third party filed an appeal but the court rejected the third party’s appeal on July 26, 2017. Third party then filed appeal for third trial and the case was currently pending with the Supreme Court. On November 9, 2018, the lawsuit is currently proceeded by The Supreme Court as of the day the Corporation’s board of the directors approve the consolidated financial statements.

- f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. Except for extra services will be charged by professional rates, the basic framework, support service, IT application service, integration and transformation of server and so on are charged by the contract. In response to information age and to improve quality of service, KGI Bank keeps replacing its core system and other related systems. After that, KGI Bank will reduce its demand on the basic framework and IT application services mentioned before. The contract about related service scope, which was approved by the board of directors on August 21, 2018, came into effect on January 1, 2019. As of December 31, 2020, KGI Bank has to pay a total of \$142,687 thousand in the future contract periods.
- g. On December 16, 2016, the Company signed the contract with CHUNG-LU Construction Co., Ltd. for the construction of Taipei Academy, and on March 1, 2017 signed the first contract change protocol, modify the total amount of the contract is \$5,623,913 thousand. As of December 31, 2020, the actual total amount of construction expenditure (after deduction of 5% construction retainage) is \$5,121,788 thousand and unpaid amount is \$502,125 thousand.

51. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

52. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, KGI BANK, KGI SECURITIES AND CHINA LIFE INSURANCE

Consolidated Profitability

(%)

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	0.68	0.75
	After income tax	0.64	0.68
Return on net worth	Before income tax	6.98	8.29
	After income tax	6.57	7.56
Profit margin		9.20	8.18

Profitability of CDFH

(%)

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	5.80	6.31
	After income tax	5.60	6.35
Return on net worth	Before income tax	6.69	7.28
	After income tax	6.49	7.38
Profit margin		87.96	92.59

Profitability of KGI Bank

(%)

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	0.65	0.70
	After income tax	0.59	0.54
Return on net worth	Before income tax	7.20	7.71
	After income tax	6.44	5.89
Profit margin		37.19	32.00

Profitability of KGI Securities

(%)

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	3.65	2.93
	After income tax	3.46	2.95
Return on net worth	Before income tax	13.22	9.57
	After income tax	12.53	9.62
Profit margin		58.47	54.42

Profitability of China Life Insurance

(%)

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	0.74	0.79
	After income tax	0.74	0.73
Return on net worth	Before income tax	9.70	13.53
	After income tax	9.65	12.60
Profit margin		4.81	4.01

53. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

- 1) Level 1 fair values are quoted prices in active markets for financial instruments.
- 2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.
- 3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

December 31, 2020

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 165,849,610	\$ 95,240	\$ 8,816,035	\$ 174,760,885
Bond investments	43,953,448	58,395,516	706,688	103,055,652
Others	165,148,529	13,599,239	12,274,019	191,021,787
Financial assets designated as at FVTPL	-	377,512	1,854,964	2,232,476
Financial assets at FVTOCI				
Stock investments	38,518,348	11,136	23,144,621	61,674,105
Bond investments	375,819,230	210,042,673	-	585,861,903
Others	-	65,426,069	-	65,426,069
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	18,913,947	799,876	-	19,713,823
Financial liabilities designated as at FVTPL	-	11,077,401	-	11,077,401
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,420,211	70,895,029	109,776	72,425,016
Financial assets for hedging	-	102,479	-	102,479
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	975,223	73,285,045	3,706,831	77,967,099
Financial liabilities designated as at FVTPL	767	7,383,477	-	7,384,244
Financial liabilities for hedging	-	641,307	-	641,307

December 31, 2019

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 131,402,365	\$ 52,410	\$ 9,110,674	\$ 140,565,449
Bond investments	45,927,020	66,830,638	798,319	113,555,977
Others	138,489,917	12,301,713	8,888,639	159,680,269
Financial assets designated as at FVTPL	6,338,783	26,181,783	1,580,146	34,100,712
Financial assets at FVTOCI				
Stock investments	19,148,474	81,094	17,330,430	36,559,998
Bond investments	285,144,217	155,301,814	-	440,446,031
Others	-	62,617,895	-	62,617,895
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,692,640	-	-	2,692,640
Financial liabilities designated as at FVTPL	-	31,350,997	-	31,350,997
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	925,372	43,073,878	180,975	44,180,225
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	588,862	51,073,529	2,646,181	54,308,572
Financial liabilities designated as at FVTPL	1,311	5,715,467	-	5,716,778

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-Scholes model) and numerical method model (for example Monte Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.
- The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their international credit assessment and model and international accounting standard of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD).

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the Level 1 and Level 2

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Level One Converted Into Level Two	Level Two Converted Into Level One	Level One Converted Into Level Two	Level Two Converted Into Level One
Financial assets at FVTPL - stock investments	\$ -	\$ -	\$ -	\$ 7,100
Financial assets at FVOCI - bond investments	19,138,151	2,332,150	8,223,225	2,375,436

Because of changes in market liquidity, evaluation sources applied by some stock investments and bond investments will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one.

5) Reconciliation of Level 3 items of financial instruments

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

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 18,978,607	\$ (753,690)	\$ 6,229,454	\$ -	\$ (2,358,660)	\$ (189,193)	\$ 21,906,518
Financial assets designated as at FVTPL	1,580,146	(56,980)	331,798	-	-	-	1,854,964
Financial assets at FVTOCI	17,330,430	5,156,553	700,000	68,711	(111,073)	-	23,144,621

For the Year Ended December 31, 2019

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 18,312,006	\$ 1,006,817	\$ 5,353,980	\$ -	\$ (5,522,199)	\$ (171,997)	\$ 18,978,607
Financial assets designated as at FVTPL	574,064	77,115	929,332	-	(365)	-	1,580,146
Financial assets at FVTOCI	11,111,094	966,006	5,333,500	-	(80,170)	-	17,330,430

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

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

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 2,646,181	\$ (138,880)	\$ 2,006,825	\$ -	\$ (807,295)	\$ -	\$ 3,706,831

For the Year Ended December 31, 2019

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 771,524	\$ 153,476	\$ 2,080,880	\$ -	\$ (359,699)	\$ -	\$ 2,646,181

The total gains or losses for the years ended December 31, 2020 and 2019 included a loss of \$266,113 thousand and \$797,769 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

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

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at December 31, 2020	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	\$ 1,089,139	Market approach	P/B, P/E, Discount for lack of liquidity	13.34 27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
		Recent strike price	-	-	-
Derivative financial instruments					
Financial assets at FVTPL	157,737	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	157,804	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

	Fair Value at December 31, 2019	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	\$ 380,744	Market approach	P/B, P/E Discount for lack of liquidity	1.06-13.10, 26%-27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
Derivative financial instruments					
Financial assets at FVTPL	180,629	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	180,444	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

December 31, 2020

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTPL - equity instruments	Discounted cash flow approach	Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		WACC	7.10%	Assets at fair value is inversely proportional to WACC
		Growth rate	2.20%	Assets at fair value is proportional to growth rate

(Continued)

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments Structured products - options	Martingale pricing technique	History volatility	26.8%-45.09%	According to condition of contract, fair value of asset may be higher or lower.
<u>Financial liabilities</u>				
Derivative instruments Structured products - options	Martingale pricing technique	History volatility	0.00%-13.10%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	20.66%-60.84%	According to condition of contract, fair value of liabilities may be higher or lower.
(Concluded)				

December 31, 2019

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Non-derivative financial assets Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments Structured products - options	Martingale pricing technique	History volatility	17.09%-45.71%	According to condition of contract, fair value of asset may be higher or lower.
<u>Financial liabilities</u>				
Derivative instruments Structured products - options	Martingale pricing technique	History volatility	0.07%-17.16%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	15.12%-45.34%	According to condition of contract, fair value of liabilities may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Model	Recovery rate	0.4	According to ISDA Standard Upfront Model, recovery rate is set from the category of targets' debts.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

The recovery rate adopted by KGI Securities in the ISDA CDS Standard Model is set based on the ISDA Standard CDS Converter Specification. If the underlying debt is senior unsecured debt, the recovery rate is set to be 0.4. If the underlying debt is subordinated debt, the recovery rate is set to be 0.2. If the debt is from emerging markets (including senior and subordinated debt), the recovery rate is set to be 0.25. KGI Securities set the recovery rate base on the types of the debts. Therefore, the recovery rate is not changed.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

December 31, 2020

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
<u>Financial assets</u>				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 213	\$ 221
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	86	86
	WACC	-1%/+1%	434	421
	Growth rate	+1%/-1%	122	121
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+25%/-25%	13	13
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	161	168

December 31, 2019

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
<u>Financial assets</u>				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 104	\$ 104
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+25%/-25%	249	193
<u>Financial liabilities</u>				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	15	17

CDIB Capital Group and subsidiaries

Equity securities are classified fair value Level 3 financial asset by CDIB Capital Group and subsidiaries. Quantitative information about the significant unobservable inputs is set out below:

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

	Fair Value at December 31, 2019	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets Financial assets at FVTPL	\$ 14,340,131	Market approach	P/B P/S Discount for lack of liquidity	0.68-2.61 0.43-5.56 23%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	23%-29% 9.97%-13.58% 4.50%-7.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	11%-29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Binomial tree model	Returns on stock value volatility	32.21%-33.65%	When the higher returns on stock value volatility, the higher of fair value.
		Recent strike price	-	-	-

China Life Insurance

Equity securities are classified into fair value Level 3 financial asset by China Life Insurance. Quantitative information about the significant unobservable input was set out below:

December 31, 2020				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	6.02%	The higher the cost of capital rate, the lower the estimated fair value.
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value.
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
December 31, 2019				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	6.10%	The higher the cost of capital rate, the lower the estimated fair value.
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value.
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.

7) Pricing process of Level 3 fair value

KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, reasonability of fair value of those financial assets are assessed by related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by accounting department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable.

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries have considered the influence of Covid-19, including future operating conditions, which decrease the forecast numbers of revenue and profit.

China Life Insurance

China Life Insurance is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. China Life Insurance analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to China Life Insurance's accounting policies at each reporting date.

c. Fair value of financial instruments not carried at fair value

1) Fair value information

Assets and liabilities measured at cost, excluding debt investments measured at amortized cost, guarantee deposits paid, bonds payable, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

Fair values of bonds payable with quoted price in an active market are evaluated using the market price; bonds payable with no quoted prices in an active market are estimated by valuation methods or the opponent's price.

2) The fair value hierarchy of financial instruments were as follows:

December 31, 2020

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 350,050,491	\$ 815,965,243	\$ -	\$1,166,015,734
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	9,150,548	-	9,150,548
<u>Financial liabilities</u>				
Bank debentures payable	-	20,408,787	-	20,408,787
Corporate bonds payable	43,949,621	-	-	43,949,621

December 31, 2019

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 220,497,245	\$ 855,658,621	\$ -	\$1,076,155,866
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	8,005,556	-	8,005,556
<u>Financial liabilities</u>				
Bank debentures payable	-	10,641,460	-	10,641,460
Corporate bonds payable	32,230,073	-	-	32,230,073

3) Measurement technique

- The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.
- The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.
- The fair value of debt investments measured at amortized cost is estimated by

- i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.
 - ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.
- d) The fair values of bonds payable are determined by the present values of future cash flows, with the values discounted at the interest rates of similar bonds payable available for the Corporation.

54. INFORMATION OF INSURANCE CONTRACTS

a. Objectives, policies, procedures and methods of insurance contracts risk management

1) Framework of risk management, organization structure and responsibilities:

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating China Life Insurance's overall risk appetite and risk tolerance, review and approve China Life Insurance's risk management objectives and strategies. "Risk Management Committee" is set under the board of directors. Various risk management report and related issues are first report to risk management committee and made the final approval by the board of directors. Besides the risk management committee, China Life Insurance set up an assets and liabilities risk management team to strengthen the risk management organization and structure.

In addition, China Life Insurance establishes the risk management department independent to the business units, which is responsible for the implementation of various risk management measures and the fulfillment of each risk management system, including monitoring the daily risks, measuring and evaluating related issues, assisting the board to develop Company's risk appetite, executing the risk management policies approved by the board of directors. Moreover, the business units should be responsible for the risks identification, report the risk exposure, measure the impact of risks, review the various risks and limits regularly, and make sure that the internal control procedures of each unit are implemented effectively in accordance with related regulations and China Life Insurance's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, China Life Insurance sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders.

Pursuant to "China Life Insurance Risk Management Policy", approved by the board of directors, China Life Insurance follows the principle of centralized management and specialization, and assigns responsible risk management department to manage various risks, including market, credit, operation, liquidity, underwriting, claim resew, insurance product development and pricing, asset-liability management, reinsurance and catastrophe risk based on the sources of risk. In addition, China Life Insurance develops management guidelines for various types of risk, standardizes measurement and evaluation methods, and regularly issues risk reports to monitor the various risks.

3) Risk management policies, procedures and methods related to reserves:

Reserve-related risks refer to risks that various reserves are unable to deal with future obligations due to understatement of liability for premium business. China Life Insurance sets and implements the appropriate risk management system for the insurance business reserves and related risks.

4) Risk management policies, procedures and methods related to matching assets and liabilities:

Risks related to matching assets and liabilities indicate risks arising from inconsistent movement of assets and liabilities. China Life Insurance sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows China Life Insurance to form, implement, monitor and correct related strategies within the tolerable range and achieves China Life Insurance's predetermined financial goals. The contents include the following items:

- a) Risk identification related to matching of assets and liabilities.
- b) Risk measurement related to matching of assets and liabilities.
- c) Risk responses related to matching of assets and liabilities.

b. Information of insurance risks

1) Sensitivity of insurance risks - insurance contracts and financial instruments with discretionary participation features:

Insurance companies set aside various reserves according to the legal requirements and regularly conduct adequacy test of liability to assess the adequacy of insurance liabilities of China Life Insurance as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by China Life Insurance, the main risks include mortality, morbidity, surrender, expense and investment returns rate. When doing the liability adequacy test, various actuarial assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, to assess whether the insurance liability of China Life Insurance is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at December 31, 2020, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause China Life Insurance's insurance liability inadequate.

2) Interpretation for concentration of insurance risks:

- a) China Life Insurance's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. China Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 32 for concentration of risk before and after the reinsurance for China Life Insurance.
- b) Furthermore, according to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", the annual increased special capital reserve, excluding taxes, for major incidents and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

a) Direct business loss development trend

b) Retained business loss development trend

China Life Insurance recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. China Life Insurance was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

For insurance contracts undertaken by China Life Insurance, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing China Life Insurance to be exposed to the risk of financial loss. If China Life Insurance disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

China Life Insurance's highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, China Life Insurance decides to deal with reinsurance companies that have good credits. China Life Insurance sets related selection standard, makes regular assessment and monitors the reinsurers' financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

5) Liquidity risk:

As at December 31, 2020 and 2019, the maturity analysis of liquidity risk for insurance contract liabilities of China Life Insurance are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
<u>December 31, 2020</u>					
Insurance liabilities of investment contracts with discretionary participation features	\$ 11,973,656	\$ 115,270,732	\$ 157,083,549	\$ 618,787,499	\$ 3,450,010,853
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
<u>December 31, 2019</u>					
Insurance liabilities of investment contracts with discretionary participation features	(34,198,799)	55,226,404	143,257,385	623,765,357	3,612,295,531
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

Note 1: This table estimates net cash flow of all related insurance liabilities at it starting point.

Note 2: The actual maturity date will change according to the exercise of termination right by the policyholders.

Note 3: The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.

6) Market risk:

Pursuant to the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", when China Life Insurance measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on China Life Insurance's profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

55. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

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

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

KGI Bank and subsidiaries

KGI Bank has planned a proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI Bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank's risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank's risk management divisions are as follows:

1) Board of directors

The KGI Bank's board of director supervise the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

KGI Securities and subsidiaries

1) Financial risk management objectives

The KGI Securities' Board of Director and senior management attach great importance to risk management, and continuously to raise risk management mechanism and aimed to strengthen the competitiveness of KGI Securities and subsidiaries. To reach the goal of risk management, controlling the expected or unexpected loss in operating is a passive way and in a positive way is to raise Risk Adjusted Return on Capital. In order to use the capital more efficiently, KGI Securities uses risk appetite as a base according to venture capital allocation. While setting risk appetite, KGI Securities takes the amount of liquid capital and financial and operational goal into consideration.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

The board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk appetite, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and non-subsidiary investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, trusted investment and management of new business and financial instruments.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk, legal risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following established guidelines and related standards of parent company, CDFH.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce risk appetite management.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts backtesting periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to help the management understand the risk tolerance level of KGI Securities.

b) Credit risk

KGI Securities sets proper credit limits by considering KGI Securities' net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the features of transactions, and the characters of instruments, etc. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

The risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different pre-settlement risk (PSR) limitation amount base on countries, same groups, high-risk industries/groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of issuers or counterparties, and the use of various credit risk limitation amount to enforce management of capital allocation.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

The fund transfer unit routinely examines relative financial ratio to ensure the liquidity of assets and liabilities. Also, KGI Securities established fund-flow simulation analysis mechanism according to the anticipation of the future cash need and the fund transferring ability of KGI Securities made by fund transfer unit. The unit would also set proper fund safety inventory and emergency response measure to fulfill the future probable fund need.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each business unit is responsible for examining and controlling its own operation risk. In addition to the compliance of law and regulation, the internal audit department would implement examination by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

5) Risk hedge and mitigation strategy

KGI Securities had decided regulations to manage to engage in hedging and risk mitigation measures in all operations based on KGI Securities' capital scale and risk tolerance. Such measures include: Risk acceptance, risk adverse, risk transfer and risk control. Reasonable risk avoidance mechanisms can effectively limit a company's risk within a pre-approved range. The actual execution of hedge, depending on the market dynamics, business strategies, product characteristics and risk management regulations, utilizes previously approved financial instruments to adjust the risk structure and risk level of the total exposure to an acceptable level.

CDIB Capital Group and subsidiaries

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

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

China Life Insurance

China Life Insurance's financial risk management objectives are primarily managing risks arising from holding financial assets. According to China Life Insurance's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. China Life Insurance has established guidelines related to the management of the financial risk. The following is the definition, source, management procedures of the risk and methods used to measure the risk.

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including loans, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to alleviate shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds accurately and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level.

The credit authorities approve credits in accordance with KGI Bank's credit limit structure and authorization policies. KGI Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person or affiliated enterprises/groups, industry and country, but also on the professionalism of KGI Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of KGI Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For delinquent loans, KGI Bank uses the concentration management method, together with information systems and analysis models, to conduct regular loan reviews for the enhanced management of overdue loans and expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Mitigation of risks or hedging of credit risk

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

Without taking into account irrevocable collateral or other credit enhancements and maximum exposure of unused amount for unused revolving credit without credit card and cash card, the maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; the maximum exposure of credit risk from off-balance sheet financial instruments was as follows:

	December 31	
	2020	2019
Irrevocable loan commitments, guarantees and letters of credit	\$ 47,779,337	\$ 48,223,480

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

	Discounts and Loans				
	December 31, 2020				
	Stage 1	Stage 2	Stage 3		Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	
Short-term loans	\$ 51,110,442	\$ 775,661	\$ 729,271	\$ -	\$ 52,615,374
Short-term secured loans	24,309,759	-	-	-	24,309,759
Medium-term secured loans	138,150,895	80,341	232,144	-	138,463,380
Medium-term secured loans	79,714,804	93,173	39,506	-	79,847,483
Long-term loans	3,179,546	376,312	693,444	-	4,249,302
Long-term secured loans	79,745,643	100,710	143,392	-	79,989,745
Loans reclassified to nonperforming loans	-	-	465,508	-	465,508
Export negotiations	14,513	-	-	-	14,513
Total book values	376,225,602	1,426,197	2,303,265	-	379,955,064
Impairment allowance	(1,213,597)	(89,205)	(557,519)	-	(1,860,321)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (3,135,568)
Adjusting for discounts and loans premium					(72,032)
	<u>\$ 375,012,005</u>	<u>\$ 1,336,992</u>	<u>\$ 1,745,746</u>	<u>\$ -</u>	<u>\$ 374,887,143</u>

Receivables						
December 31, 2020						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Regulation	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Asset		
Credit card business	\$ 2,848,800	\$ 188,513	\$ 116,043	\$ -		\$ 3,153,356
Accounts receivable - forfeiting	11,629,327	-	-	-		11,629,327
Accounts receivable factoring without recourse	7,566,529	84	156	-		7,566,769
Acceptances	40,566	-	-	-		40,566
Installment accounts and lease receivables	4,145,805	45,259	50,064	-		4,241,128
Total book value	26,231,027	233,856	166,263	-		26,631,146
Impairment allowance	(51,520)	(38,707)	(38,459)	-		(128,686)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/Non-accrual Loans					\$ (238,935)	(238,935)
	<u>\$ 26,179,507</u>	<u>\$ 195,149</u>	<u>\$ 127,804</u>	<u>\$ -</u>	<u>\$ (238,935)</u>	<u>\$ 26,263,525</u>

Discounts and Loans						
December 31, 2019						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Recognition/ Discount	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Asset		
Short-term loans	\$ 50,171,454	\$ 842,330	\$ 723,169	\$ -		\$ 51,736,953
Short-term secured loans	24,640,770	-	-	-		24,640,770
Medium-term loans	128,966,552	106,882	456,700	-		129,530,134
Medium-term secured loans	66,098,880	50,705	45,100	-		66,194,685
Long-term loans	1,675,199	272,462	465,350	-		2,413,011
Long-term secured loans	71,473,302	85,194	525,080	69,951		72,153,527
Loans reclassified to nonperforming loans	-	-	376,103	-		376,103
Export negotiations	30,866	-	-	-		30,866
Total book values	343,057,023	1,357,573	2,591,502	69,951		347,076,049
Impairment allowance	(1,450,530)	(81,745)	(597,543)	-		(2,129,818)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/Non-accrual Loans					\$ (2,334,800)	(2,334,800)
Adjusting for discounts and loans premium					(109,450)	(109,450)
	<u>\$ 341,606,493</u>	<u>\$ 1,275,828</u>	<u>\$ 1,993,959</u>	<u>\$ 69,951</u>	<u>\$ (2,444,250)</u>	<u>\$ 342,501,981</u>

Receivables						
December 31, 2019						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Regulation	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Asset		
Credit card business	\$ 2,816,692	\$ 191,782	\$ 104,575	\$ -		\$ 3,113,049
Accounts receivable - forfeiting	3,947,653	-	-	-		3,947,653
Accounts receivable factoring without recourse	6,572,098	111	214	-		6,572,423
Acceptances	281,925	-	-	-		281,925
Installment accounts and lease receivables	3,668,294	48,705	63,687	-		3,780,686
Total book value	17,286,662	240,598	168,476	-		17,695,736
Impairment allowance	(43,103)	(32,391)	(57,586)	-		(133,080)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/Non-accrual Loans					\$ (135,321)	(135,321)
	<u>\$ 17,243,559</u>	<u>\$ 208,207</u>	<u>\$ 110,890</u>	<u>\$ -</u>	<u>\$ (135,321)</u>	<u>\$ 17,427,335</u>

Maximum exposures to credit risk of financial instrument not applicable to impairment were as follows:

	December 31	
	2020	2019
Financial assets at FVTPL		
Debt instrument	\$ 15,455,943	\$ 33,078,636
Derivatives instruments	55,505,884	30,493,327

5) Collaterals and credit enhancement

KGI Bank and its subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and its subsidiaries observe collateral's value of financial instrument closely, and consider recognizing impairment for financial assets with credit impairment. KGI Bank and its subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

December 31, 2020

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	\$ 116,043	\$ 23,915	\$ 92,128	\$ -
Accounts receivable factoring	156	19	137	-
Installment receivables and lease receivables	50,064	14,525	35,539	-
Discounts and loans	<u>2,303,265</u>	<u>557,519</u>	<u>1,745,746</u>	<u>294,447</u>
Total amount of impaired asset	<u>\$ 2,469,528</u>	<u>\$ 595,978</u>	<u>\$ 1,873,550</u>	<u>\$ 294,447</u>

December 31, 2019

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	\$ 104,575	\$ 27,085	\$ 77,490	\$ -
Accounts receivable factoring	214	13	201	-
Installment receivables and lease receivables	63,687	30,488	33,199	-
Discounts and loans	<u>2,661,453</u>	<u>597,543</u>	<u>2,063,910</u>	<u>745,375</u>
Total amount of impaired asset	<u>\$ 2,829,929</u>	<u>\$ 655,129</u>	<u>\$ 2,174,800</u>	<u>\$ 745,375</u>

amount the of KGI Bank and its subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount is \$504,315 thousand and \$1,064,868 thousand for the years ended December 31, 2020 and 2019.

6) Concentrations of credit risk

Concentrations of credit risk arise when there is only one counterparty, or when there is a number of more than one counterparties or exposure but they have comparable economic characteristics, or when such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transaction of same customers in discounts and loans are not material. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Public and private enterprise	\$ 241,786,303	63.63	\$ 220,692,107	63.59
Natural person	137,870,761	36.29	126,046,099	36.31
Non-profit organization	298,000	0.08	337,843	0.10
Total	\$ 379,955,064	100.00	\$ 347,076,049	100.00

b) By region

Region	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Domestic	\$ 286,780,864	75.48	\$ 259,269,771	74.70
Overseas	93,174,200	24.52	87,806,278	25.30
Total	\$ 379,955,064	100.00	\$ 347,076,049	100.00

c) By collateral

Collateral	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Non-collateral	\$ 195,700,835	51.51	\$ 183,987,284	53.01
Collateral				
Property	152,150,748	40.04	130,830,276	37.69
Guarantee	17,858,658	4.70	16,624,750	4.79
Financial collateral	7,558,580	1.99	8,251,419	2.38
Other	6,686,243	1.76	7,382,320	2.13
Total	\$ 379,955,064	100.00	\$ 347,076,049	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. If collaterals were not disposed of within the statutory period, KGI Bank should apply for an extension of the disposal period and increase its provision for possible losses, if necessary.

	December 31	
	2020	2019
Management of foreclosed collateral	\$ 588,985	\$ 588,985
Accumulated impairment	<u>(588,985)</u>	<u>(588,985)</u>
	<u>\$ -</u>	<u>\$ -</u>

Foreclosed collateral will be sold when it is actually available for sale. The foreclosed collateral is classified as other assets in balance sheet. The difference amount between the disposition price and the book value is recognized as net other noninterest profit and gain.

8) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits of KGI Bank

Item			December 31, 2020				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 93,254	\$ 92,599,972	0.10%	\$ 1,163,448	1,247.61%
	Unsecured		138,730	158,132,242	0.09%	1,865,676	1,344.83%
Consumer loan	Mortgage (Note 4)		12,720	64,684,720	0.02%	971,337	7,636.14%
	Cash card		100,118	12,417,542	0.81%	310,311	309.95%
	Micro credit (Note 5)		233,287	25,065,092	0.93%	396,694	170.05%
	Other (Note 6)	Secured	14,980	26,969,537	0.06%	287,538	1,919.42%
		Unsecured	-	85,959	-	885	-
Total			593,089	379,955,064	0.16%	4,995,889	842.35%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			17,580	3,153,356	0.56%	60,250	342.71%
Account receivable - factored without recourse (Note 7)			41	7,566,769	0.00%	96,900	233,617.79%

Item			December 31, 2019				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 92,042	\$ 81,043,580	0.11%	\$ 999,765	1,086.21%
	Unsecured		134,564	146,452,112	0.09%	1,674,612	1,244.47%
Consumer loan	Mortgage (Note 4)		23,498	56,169,271	0.04%	844,093	3,592.26%
	Cash card		133,100	13,243,858	1.00%	320,797	241.02%
	Micro credit (Note 5)		207,616	24,270,640	0.86%	351,414	169.26%
	Other (Note 6)	Secured	13,892	25,875,914	0.05%	273,690	1,970.15%
		Unsecured	-	20,674	-	247	-
Total			604,712	347,076,049	0.17%	4,464,618	738.31%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			22,830	3,113,049	0.73%	62,442	273.51%
Account receivable - factored without recourse (Note 7)			8	6,572,423	0.00%	88,340	1,088,060.08%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL/Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables/Credit card receivables balance.

Note 3: Coverage ratio = LLR/NPL. Coverage ratio of credit receivables: Allowance for credit losses/Overdue credit card receivables.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower's spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank's nonperforming loans and overdue receivables

Items	December 31, 2020		December 31, 2019	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	\$ 6,007	\$ 45	\$ 8,483	\$ 117
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	57,531	7,031	53,852	6,597
Total	\$ 63,538	\$ 7,076	\$ 62,335	\$ 6,714

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit extensions

December 31, 2020

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - real estate activities for sale and rental	\$ 7,938,626	11.85
2	B Group - real estate development activities	6,795,000	10.14
3	C Group - activities of other holding companies	5,989,843	8.94
4	D Group - manufacture of electronic passive devices	5,243,980	7.83
5	E Group - renting and leasing other machinery and equipment	5,082,452	7.59
6	F Group - real estate activities for sale and rental	4,543,552	6.78
7	G Group - manufacture of liquid crystal panel and components	4,316,339	6.44
8	H Group - other retail sale in non-specialized stores	4,022,178	6.00
9	I Group - manufacture of chemical material	3,691,559	5.51
10	J Group - smelting and refining of iron and steel	3,523,327	5.26

December 31, 2019

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Real estate activities for sale and rental	\$ 8,001,538	12.47
2	C Group - Activities of other holding companies	6,587,563	10.27
3	I Group - Manmade fiber manufacturing	5,573,808	8.69
4	B Group - Real estate development activities	4,920,000	7.67
5	F Group - Real estate activities for sale and rental	4,859,521	7.57
6	J Group - Iron and steel smelting	4,328,309	6.74
7	K Group - Computer manufacturing	4,127,652	6.43
8	D Group - Electric wires and cables manufacturing	4,078,035	6.35
9	L Group - Monitor and terminal manufacturing	3,654,104	5.69
10	M Group - Real estate development activities	3,594,237	5.60

9) Judgements of a significant increase in credit risk since initial recognition

Credit business

KGI Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since the initial recognition, primarily consideration of indicators and supporting information (including prospective information) were as the follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

- i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.
- ii. Actual or expected significant changes in borrower's operating results.
- iii. The credit risk of other credit contracts of the same borrower has increased significantly.
- iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

For the various types of credit assets of KGI Bank which are not be regarded as low credit risk, it can be assumed that the credit risk of such assets has not increased significantly since the initial recognition.

10) Definition of default and impaired credit of financial assets

The definition of default of the financial assets of the KGI Bank is the same as that of the impaired credit assets. If one or more of the following conditions are met, KGI Bank determines that the credit asset has defaulted and the credit is impaired:

a) Quantitative index

- i. When the borrower's overdue payment of the contract is more than 90 days.
- ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

If there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

- i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.
- ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.
- iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).

- iv. For cases involving the sale of non-performing loans and suits.
- v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by KGI Bank is consistent with the definition of credit assets used for internal credit risk management purposes, and the relevant impairment assessment model is used.

The credit asset will be restored to the state of compliance and is not considered a credit impaired credit asset in default if it no longer meets the definition of default and credit impairment.

A debt instrument investor may also be deemed to have a credit impairment on the financial asset if the rating of the bond guarantor or issuer's rating deteriorates significantly, for example, from an investment grade to a junk bond rating, or if one or more of the following conditions are met:

- i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the bond.
- ii. Before the maturity of the note or bond, it can be objectively determined that the bond guarantor or issuer may not be able to repay the principal and interest of the bond on time.
- iii. Before the maturity of the note or bond, the bond guarantor or issuer is in bankruptcy or in reorganization or taken over due to financial difficulties.
- iv. Before the maturity of the note or bond, the bond guarantor or issuer closes down or is in the process of performing other financial restructuring.

11) Write-off policy

The KGI Bank shall write off bad debts for non-performing loans and overdue receivables that meet one of the following requirements:

- a) When reaching the criteria of write-off of the regulation.
- b) There is a need to expedite the reduction of non-performing loans or for certain businesses that needs to comply with the requirements of the governing authorities.
- c) Written off by the governing authorities or the financial inspection authorities.
- d) If it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor's balance shall be written off within the period which specified in a).
- e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

12) Amendment of contract cash flows of financial assets

KGI Bank may amend the contract cash flows of financial assets as a result of financial difficulties of borrowers, improvement of problematic debtors' recovery rate or maintenance customer relationships. The contract amendments to cash flows amendment include the extension of the contract period, interest payment time modification, contract interest modification, or exemption of part of the debts.

13) Measurement of expected credit losses

For the purpose of measuring expected credit losses, KGI Bank divides credit assets into the following groups; for corporate banking, they are grouped according to scale, while for consumer banking, they are grouped according to product characteristics.

Business	Combination	Definition
Corporate banking	Large enterprises + Stage 1	Credit risk has not increased significantly.
	Small and medium enterprises + Stage 1	
	Large enterprises + Stage 2	Credit risk has increased significantly.
	Small and medium enterprises + Stage 2	
	Large enterprises + Stage 3	Credit impaired.
	Small and medium enterprises + Stage 3	
Consumer banking	Product + Stage 1	Credit risk has not increased significantly.
	Product + Stage 2	Credit risk has increased significantly.
	Product + Stage 3	Credit impaired.

KGI Bank measures the allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss model I for financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, lifetime expected credit losses are applied.

To measure the expected credit losses, KGI Bank takes into account the borrower's probability of default ("PD") for the next 12 months and the period of existence, and include the loss given default ("LGD"). Multiply by the Exposure at default ("EAD") and taking into account the impact of the time value of money, the expected credit losses for 12 months and duration are calculated.

Probability of default is the probability of default of a borrower or counterparty over a period of time; the loss given default refers to the probability of loss of the borrower or counterparty due to inability to recover the debt at the end of the reminder procedures. The probability of default and loss given default are used in the impairment assessment of KGI Bank credit business are based on internal historical information (such as credit loss experience, etc.) of each group, and adjust the history data based on the current observable data and forward-looking general economic information (such as GDP and employment rate, etc.) which are used to calculate the probability of default on expected losses.

The exposure at default mean that KGI Bank can claim compensation for the book value held by borrowers (or the counterparty) after borrowers have defaulted. KGI Bank's exposure at default has taken into account the amount of credits that have been used and the amounts that may be used in the future for the exposure at default amount. The amount of credits is used as an assessment of exposure at default of on balance sheet credits or part of credits that were already used; off-balance sheet or committed credits that are not yet used are based on the corresponding credit conversion factor (CCF) which considered the credits that are expected to be used within 12 months after the reporting date or expected lifetime to calculate exposure at default of expected credit loss.

14) Considerations of forward-looking information

KGI Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, KGI Bank selected the overall indicators that are highly relevant to lending as an adjustment parameter for default probability of lending. Based on the type of business, KGI Bank used different overall indicator. The Corporate banking business takes the economic growth rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. KGI Bank will make reference to external information (predicted value of internationally renowned economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors. quarterly. For example, the changes of leading index and interbank offered rate as basic economic conditions; it contains the best estimate of the economic situation in the next five years, and for more than five years until the duration of the relevant financial instruments, it assumes a forecast that is equal to the fifth year.

While adjusting credit risk parameter of credit assets, the overall indicators mentioned above, such as GDP, changes of employment rate and basic economic conditions, have been adjusted due to COVID-19.

The measurement of expected credit loss of the Bank's debt instruments is based an external credit migration matrix method to calculate the Probability of default (PD), which is incorporated in the information of forward-looking factors.

15) Changes of provisions for off-balance-sheet guarantees and commitments

The off-balance-sheet guarantees and commitments provisions for the years ended December 31, 2020 and 2019 are adjusted as follows:

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 108,889	\$ 727	\$ -	\$ 1,757	\$ -	\$ 111,373	\$ 192,447	\$ 303,820
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(7)	7	-	-	-	-	-	-
From conversion to credit- impaired financial assets	(2)	(7)	-	9	-	-	-	-
To 12-month ECL	357	(104)	-	(253)	-	-	-	-
Derecognizing financial assets during the current period	(14,002)	(524)	-	(1,483)	-	(16,009)		(16,009)
Purchased or originated new financial assets	16,959	-	-	193	-	17,152		17,152
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							5,118	5,118
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	269	272	-	651	-	1,192		1,192
Balance at December 31, 2020	\$ 112,463	\$ 371	\$ -	\$ 874	\$ -	\$ 113,708	\$ 197,565	\$ 311,273

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the year ended December 31, 2020. Net decrease of \$7,453 thousand change in total book value.

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 150,970	\$ 896	\$ -	\$ 1,670	\$ -	\$ 153,536	\$ 62,440	\$ 215,976
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(19)	19	-	-	-	-	-	-
From conversion to credit- impaired financial assets	(5)	(22)	-	27	-	-	-	-
To 12-month ECL	511	(277)	-	(234)	-	-	-	-
Derecognizing financial assets during the current period	(63,461)	(464)	-	(430)	-	(64,355)	-	(64,355)
Purchased or originated new financial assets	41,901	236	-	-	-	42,137	-	42,137
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans	-	-	-	-	-	-	130,007	130,007
Write-off	-	-	-	-	-	-	-	-
Recovery of written-off	-	-	-	-	-	-	-	-
Effect of exchange rate changes and others	(21,008)	339	-	724	-	(19,945)	-	(19,945)
Balance at December 31, 2019	\$ 108,889	\$ 727	\$ -	\$ 1,757	\$ -	\$ 111,373	\$ 192,447	\$ 303,820

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment unused amount for the year ended December 31, 2019. The increase of guarantees and irrevocable loan commitments in reporting period resulted in abovementioned provisions increased by \$87,844 thousand in comparison to the prior period.

16) A loss allowance for financial assets measured at FVOCI

There was no significant increase in the credit risk of investments in debt instruments at FVTOCI of the Bank and its subsidiaries; therefore, the impairment loss was assessed based on 12 months expected credit losses. An adjustment in the investment portfolio resulted in the recognition of impairment loss of \$36,865 thousand and \$16,439 thousand on December 31, 2020 and 2019, respectively.

17) A loss allowance for financial assets measured at amortized cost

There was no significant increase in the credit risk of debt instruments measured at amortized cost of KGI Bank and subsidiaries; therefore, the 12-month expected credit losses were used to assess allowance for loss. As of December 31, 2020 and 2019, loss allowance for debt instruments measured at amortized cost due to the slight adjustment of the portfolio were \$2,989 thousand and \$3,198 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the years ended December 31, 2020 and 2019 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 46,283	\$ 32,925	\$ 1	\$ 1,137,187	\$ -	\$ 1,216,396	\$ 151,182	\$ 1,367,578
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2,520)	4,000	-	(1,480)	-	-		-
From conversion to credit- impaired financial assets	(2,731)	(1,495)	-	4,226	-	-		-
To 12-month ECL	397	(243)	-	(154)	-	-		-
Derecognizing financial assets during the current period	(22,386)	(564)	(1)	(4,202)	-	(27,153)		(27,153)
Purchased or originated new financial assets	34,164	75	-	7,823	-	42,062		42,062
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							85,941	85,941
Write-off	-	-	-	(54,935)	-	(54,935)		(54,935)
Recovery of written-off	-	-	-	76,572	-	76,572		76,572
Effect of exchange rate changes and others	845	4,546	-	(66,982)	-	(61,591)		(61,591)
Balance at December 31, 2020	\$ 54,052	\$ 39,244	\$ -	\$ 1,098,055	\$ -	\$ 1,191,351	\$ 237,123	\$ 1,428,474

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 69,740	\$ 28,458	\$ 5	\$ 1,183,155	\$ -	\$ 1,281,358	\$ 237,888	\$ 1,519,246
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(154)	7,331	-	(7,177)	-	-		-
From conversion to credit- impaired financial assets	(112)	(1,072)	-	1,184	-	-		-
To 12-month ECL	273	(210)	-	(63)	-	-		-
Derecognizing financial assets during the current period	(27,977)	(1,227)	(5)	(4,298)	-	(33,507)		(33,507)
Purchased or originated new financial assets	27,807	45	-	2,930	-	30,782		30,782
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(86,706)	(86,706)
Write-off	-	-	-	(56,725)	-	(56,725)		(56,725)
Recovery of written-off	-	-	-	46,129	-	46,129		46,129
Effect of exchange rate changes and others	(23,294)	(400)	1	(27,948)	-	(51,641)		(51,641)
Balance at December 31, 2019	\$ 46,283	\$ 32,925	\$ 1	\$ 1,137,187	\$ -	\$ 1,216,396	\$ 151,182	\$ 1,367,578

Changes in total book values of receivables for the years ended December 31, 2020 and 2019 of KGI Bank and subsidiaries:

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 20,525,328	\$ 246,885	\$ 6	\$ 1,758,759	\$ -	\$ 22,530,978
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(81,942)	30,070	-	51,872	-	-
Purchased or originated new receivables	17,513,657	815	-	19,563	-	17,534,035
Write-off	-	-	-	(54,935)	-	(54,935)
Derecognition	(7,244,044)	(37,950)	(6)	(40,758)	-	(7,322,758)
Effect of exchange rate changes and others	(735,125)	(9)	-	(47,938)	-	(783,072)
Balance at December 31, 2020	\$ 29,977,874	\$ 239,811	\$ -	\$ 1,686,563	\$ -	\$ 31,904,248

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 27,184,310	\$ 251,010	\$ 17	\$ 1,891,476	\$ -	\$ 29,326,813
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	(2)	2	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(53,373)	34,435	-	18,938	-	-
Purchased or originated new receivables	8,413,712	489	-	6,318	-	8,420,519
Write-off	-	-	-	(58,770)	-	(58,770)
Derecognition	(14,840,376)	(39,048)	(9)	(76,180)	-	(14,955,613)
Effect of exchange rate changes and others	(178,945)	(1)	-	(23,025)	-	(201,971)
Balance at December 31, 2019	\$ 20,525,328	\$ 246,885	\$ 6	\$ 1,758,759	\$ -	\$ 22,530,978

18) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the years ended December 31, 2020 and 2019 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 1,450,530	\$ 80,266	\$ 1,479	\$ 597,543	\$ -	\$ 2,129,818	\$ 2,334,800	\$ 4,464,618
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,525)	18,638	-	(15,113)	-	-	-	-
From conversion to credit- impaired financial assets	(5,755)	(14,379)	-	20,134	-	-	-	-
To 12-month ECL	3,430	(2,594)	-	(836)	-	-	-	-
Derecognizing financial assets during the current period	(636,402)	(10,832)	(1,450)	(47,182)	-	(695,866)		(695,866)
Purchased or originated new financial assets	1,378,808	363	-	340	-	1,379,511		1,379,511
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							800,768	800,768
Write-off	-	-	-	(416,374)	-	(416,374)		(416,374)
Recovery of written-off	-	-	-	683,743	-	683,743		683,743
Effect of exchange rate changes and others	(973,489)	17,743	(29)	(264,736)	-	(1,220,511)		(1,220,511)
Balance at December 31, 2020	\$ 1,213,597	\$ 89,205	\$ -	\$ 557,519	\$ -	\$ 1,860,321	\$ 3,135,568	\$ 4,995,889

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 1,415,427	\$ 95,618	\$ 7,085	\$ 495,451	\$ -	\$ 2,013,581	\$ 2,320,761	\$ 4,334,342
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(1,218)	11,587	-	(10,369)	-	-	-	-
From conversion to credit- impaired financial assets	(12,472)	(36,226)	(2,106)	50,804	-	-	-	-
To 12-month ECL	3,523	(2,598)	-	(655)	-	-	-	-
Derecognizing financial assets during the current period	(574,215)	(28,259)	(255)	(98,452)	-	(701,181)		(701,181)
Purchased or originated new financial assets	1,073,941	4	-	118	-	1,074,063		1,074,063
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							14,039	14,039
Write-off	-	-	-	(1,004,464)	-	(1,004,464)		(1,004,464)
Recovery of written-off	-	-	-	703,083	-	703,083		703,083
Effect of exchange rate changes and others	(454,186)	40,140	(3,245)	462,027	-	44,736		44,736
Balance at December 31, 2019	\$ 1,450,530	\$ 80,266	\$ 1,479	\$ 597,543	\$ -	\$ 2,129,818	\$ 2,334,800	\$ 4,464,618

Changes in total book values of discounts and loans for the years ended December 31, 2020 and 2019 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 343,057,023	\$ 1,350,348	\$ 7,225	\$ 2,591,502	\$ 69,651	\$ 347,076,049
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(1,016,276)	443,060	-	573,216	-	-
Purchased or originated new discounts and loans	690,065,303	2,955	-	2,060	-	690,070,318
Write-off	-	-	-	(416,374)	-	(416,374)
Derecognition	(653,152,080)	(360,922)	(7,080)	(441,262)	(69,951)	(654,031,295)
Effect of exchange rate changes and others	(2,728,368)	(9,244)	(145)	(5,877)	-	(2,743,634)
Balance at December 31, 2020	\$ 376,225,602	\$ 1,426,197	\$ -	\$ 2,303,265	\$ -	\$ 379,955,064

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 335,634,535	\$ 1,729,750	\$ 23,616	\$ 2,826,173	\$ -	\$ 340,214,074
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(583,927)	-	(7,020)	590,947	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(764,988)	(80,012)	-	845,000	-	-
Purchased or originated new discounts and loans	481,526,667	55	-	326	338,284	481,865,332
Write-off	-	-	-	(1,004,464)	-	(1,004,464)
Derecognition	(470,962,421)	(299,877)	(10,274)	(655,486)	(268,333)	(472,196,391)
Effect of exchange rate changes and others	(1,792,843)	432	903	(10,994)	-	(1,802,502)
Balance at December 31, 2019	\$ 343,057,023	\$ 1,350,348	\$ 7,225	\$ 2,591,502	\$ 69,951	\$ 347,076,049

KGI Securities and subsidiaries

Credit risk analysis

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries are exposed to during financial transactions include issuer's credit risk, and counterparty credit risk and underlying assets credit risk.

- a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).
- b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Credit risk management

The investment, acquisition of fixed-income securities, other financial assets, and credit risk management of current counterparties are handled in accordance with KGI Securities and subsidiaries' internal control procedures and related regulations, and most of them have reached an external credit rating investment grade or above, so credit risk is very low.

3) Default and credit derogation definition of financial assets

- a) The definition of the credit assets default of the KGI Securities and subsidiaries are the same as that of the impaired credit assets. If there is evidence that the issuer or counterparty will be unable to pay, or has significant financial difficulties, such as:
 - i. The issuer or counterparty has been bankrupt or may file a petition for bankruptcy or financial restructuring.
 - ii. The contract of the other financial instrument of the issuer or counterparty has been breached.
 - iii. The active market for the financial asset disappeared due to the financial difficulties of the issuer or counterparty.
 - iv. Purchase or initiate financial assets at a substantial discount that reflects credit losses that have occurred.
- b) The aforementioned definition of default and credit impairment applies to the credit assets held by KGI Securities and subsidiaries are consistent with the definition of credit assets used for internal credit risk management purposes, and is used in the relevant impairment assessment model.
- c) If a credit asset is assessed to no longer meet the definition of default and credit impairment, it should return to the state of compliance, and is no longer considered a credit asset for default and credit impairment.
- d) KGI securities and subsidiaries' financial assets are written-off if they are unable to reasonably expect that financial assets will be recovered (e.g., significant financial difficulties for the issuer or the debtor, or bankrupt).

4) Credit risk statement for financial assets

a) Cash and cash equivalents, other financial assets

KGI Securities and subsidiaries deposit in creditworthy financial institutions and deposits a certain amount of securities in a specific accounts of the financial institution (Custodian Bank) designated by the futures companies. KGI Securities and subsidiaries regularly evaluate the financial, operating and credit risk status of financial institutions and futures companies. The credit risk is under KGI Securities and subsidiaries' control.

b) Financial assets measured at fair value through profit or loss - current

KGI Securities holds the unsecured corporate bonds, convertible (exchangeable) corporate bonds and part of the CB Asset Swap. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank. In most other holdings, KGI Securities conducts CB asset swap and issues credit linked note to transfer risk and lower the credit risk exposure of it. Therefore, the credit risk of the issuer has been effective control.

c) Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments)

KGI Securities holds mainly the medium and long-term bond investment position. KGI Securities pays attention to the credit rating of each investment and the financial status of the issuer (or guarantee institution) in order to minimize credit risk.

d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable, futures trading margin receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

h) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

5) Assessment of expected credit losses

a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

KGI Securities and domestic subsidiaries

KGI Securities and its domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

Overseas subsidiaries

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased after the initial recognition on each balance sheet date to determine the method of measuring the allowance loss and its loss rate.

In order to measure expected credit losses, KGI Securities and subsidiaries consider the probability of default (PD) of financial assets or the issuer or counterparty for the next 12 months, which collectively consider the loss given default (LGD), and is multiplied by exposure at default (EAD). KGI Securities and subsidiaries assess financial assets measured at amortized cost with exposure at default and consider the impact of time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and loss given default is the rate of loss caused by default by the issuer or counterparty. The probability of default and loss given default used by KGI Securities and subsidiaries in related assessment of impairment are mainly relied on the probability of default and loss given default that are regularly announced by international credit rating agencies.

The aforementioned impairment assessment method and related indicators of debt instrument investment are described as follows:

<u>Degree of Credit Risk</u>	<u>Indicators</u>	<u>Measurement of Expected Credit Loss</u>
Low credit risk	Ratings above BBB-/counterparty with good credit	12 months expected credit loss
Credit risk significantly increase	Ratings between BB+-C (Note)	Lifetime expected credit loss
Impaired/default	Ratings below D and impaired	Lifetime expected credit loss

Note: KGI Securities and subsidiaries consider information which indicates significant and evidential increase in credit risk (including forward-looking information) since the initial recognition. The main considerations including:

- i. External credit ratings, overdue status information, credit spreads, other market information related to borrowers, issuers or counterparties, and the same borrowers' credit risk of other financial instruments increases significantly.
 - ii. Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition.
- 6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the years ended December 31, 2020 and 2019.

Disclosure of total book value and allowance loss for financial assets' expected credit loss

- 1) Summary of KGI Securities and subsidiaries' total book value and allowance loss as of December 31, 2020 and 2019 are listed as follows:

Financial assets at fair value through other comprehensive income

Total book value and allowance loss for financial assets at debt instruments at fair value through other comprehensive income were \$31,250,234 thousand and \$26,859,655 thousand, respectively, and allowance loss for financial assets at fair value through other comprehensive income were \$15,736 thousand and \$10,992 thousand, respectively.

Accounts receivable and others

December 31, 2020

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 10,587,278	\$ (115)	\$ 10,587,163
Bonds purchased under resell agreement	13,610,026	-	13,610,026
Margin loans receivables	37,027,504	(1,367)	37,026,137
Trading securities receivables	4,361,551	(248)	4,361,303
Customer's margin accounts	54,511,969	(1,572)	54,510,397
Futures commission merchant receivable	168,217	(166,781)	1,436
Accounts receivable	47,619,101	(1,502)	47,617,599
Other current assets	34,940,421	(7,844)	34,932,577
Other non-current assets	<u>4,377,625</u>	<u>(1,468,867)</u>	<u>2,908,758</u>
	<u>\$ 207,203,692</u>	<u>\$ (1,648,296)</u>	<u>\$ 205,555,396</u>

December 31, 2019

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 16,650,481	\$ (54)	\$ 16,650,427
Bonds purchased under resell agreement	18,188,175	-	18,188,175
Margin loans receivables	24,157,751	(1,887)	24,155,864
Trading securities receivables	5,365,585	(519)	5,365,066
Customer's margin accounts	37,536,624	(984)	37,535,640
Futures commission merchant receivable	167,493	(160,587)	6,906
Accounts receivable	27,581,035	(1,561)	27,579,474
Other current assets	37,511,895	(4,718)	37,507,177
Other non-current assets	<u>4,374,460</u>	<u>(1,752,929)</u>	<u>2,621,531</u>
	<u>\$ 171,533,499</u>	<u>\$ (1,923,239)</u>	<u>\$ 169,610,260</u>

- 2) Changes in allowance losses of KGI Securities and subsidiaries for the years ended December 31, 2020 and 2019 are as follows:

- a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss
January 1, 2020	\$ 10,992
Increase	5,072
Change in exchange rate and others	<u>(328)</u>
December 31, 2020	<u>\$ 15,736</u>
January 1, 2019	\$ 5,447
Increase	5,732
Change in exchange rate and others	<u>(187)</u>
December 31, 2019	<u>\$ 10,992</u>

Due to the increasing in financial assets measured at fair value through other comprehensive income-debt instrument investments during the years ended December 31, 2020 and 2019, the related 12-month expected credit losses increase.

b) Receivables and others

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Credit Impaired Financial Assets (Lifetime Expected Credit Loss)	Lifetime Expected Credit Loss (Simplify)	Total
January 1, 2020	\$ 5,263	\$ 402	\$ 1,914,235	\$ 3,339	\$ 1,923,239
Addition (reversal)	2,960	(318)	10,435	(567)	12,510
Derecognizing financial assets during the current period	-	-	(2,373)	-	(2,373)
Changes in consolidated entities	-	-	(254,781)	-	(254,781)
Write-off	-	-	(5,410)	-	(5,410)
Change in exchange rate and others	<u>(335)</u>	<u>(11)</u>	<u>(24,540)</u>	<u>(3)</u>	<u>(24,889)</u>
December 31, 2020	<u>\$ 7,888</u>	<u>\$ 73</u>	<u>\$ 1,637,566</u>	<u>\$ 2,769</u>	<u>\$ 1,648,296</u>
January 1, 2019	\$ 15,875	\$ 217	\$ 1,975,004	\$ 3,580	\$ 1,994,676
Addition (reversal)	(7,028)	(286)	(4,279)	(241)	(11,834)
Derecognizing financial assets during the current period	(3,426)	-	(40,227)	-	(43,653)
Write-off	-	-	(6,808)	-	(6,808)
Change in exchange rate and others	<u>(158)</u>	<u>471</u>	<u>(9,455)</u>	<u>-</u>	<u>(9,142)</u>
December 31, 2019	<u>\$ 5,263</u>	<u>\$ 402</u>	<u>\$ 1,914,235</u>	<u>\$ 3,339</u>	<u>\$ 1,923,239</u>

The aforementioned total book value of receivables and other financial assets does not have a significant change.

CDIB Capital Group and subsidiaries

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

The maximum exposure to credit risk held by CDIB Capital Group and subsidiaries of the financial instruments is equal to the book value.

China Life Insurance

- Credit risk analysis

- 1) Credit risk refers to the counterparties fail to fulfill obligations, resulting in the risk of loss of value. Credit risks of China Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

The departments of China Life Insurance follow credit risk policies, procedures and controls to manage credit risks. The credit risk assessment of all issuers or counterparties is based on comprehensive consideration of their financial status, credit ratings, historical transaction records, current economic environment, China Life Insurance's internal rating indicators, and etc. Also, China Life Insurance uses certain credit enhancement tools in due course to reduce the credit risk of a particular issuer or counterparty.

For investments of financial instruments, its original purchase is based on the premise that the credit risk is low, and on each balance sheet date, it is assessed whether the conditions of low credit risk are still met to determine the method of measuring the allowance. Also, China Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, China Life Insurance has established credit VaR model to assess the maximum loss of the credit positions due to changes of credit rating or default. Besides, China Life Insurance also evaluates credit risk and concentration risk based on issuer's region, industry and credit rating within portfolios.

Lending of China Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. According to the scores, the decision will be stratified in order to control the loan risk. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

China Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss and its loss rate. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, overdue status, occurrence of major financial difficulties or liquidation and reorganization. Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. China Life Insurance employs information on the default probability and default loss rate published by external credit rating agencies and adjusts it based on forward-looking general economic information.

China Life employs amortized cost of financial assets plus accrued interest and receivables as a measure of exposure at default, while loans are calculated as the sum of the principal balance of the debtor at the time of calculation, interest, and payable as a measure of exposure at default.

Some of the allowance losses of part of receivables are measured by its expected credit losses for its lifetime. The expected credit losses during the existence period is considered by the past default records and current information, and the expected credit loss rate is set based on the overdue days of receivables.

2) Financial assets credit risk concentration analysis

- a) The largest credit risk exposure of the financial debt instrument investments held by China Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

December 31, 2020

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 84,093,524	\$ 6,884,611	\$ 10,396,658	\$ -	\$ -	\$ 101,374,793
Financial assets at fair value through profit or loss	25,959,157	6,815,077	12,949,791	1,154,779	-	46,878,804
Financial assets at fair value through other comprehensive income	79,525,371	145,013,479	88,243,469	112,558,723	-	425,341,042
Financial assets at amortized cost	150,155,870	280,982,045	233,038,226	376,078,307	6,141,153	1,046,395,601
Refundable deposits - bonds	<u>7,092,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,092,185</u>
	<u>\$ 346,826,107</u>	<u>\$ 439,695,212</u>	<u>\$ 344,628,144</u>	<u>\$ 489,791,809</u>	<u>\$ 6,141,153</u>	<u>\$ 1,627,082,425</u>
Proportion	<u>21.32%</u>	<u>27.02%</u>	<u>21.18%</u>	<u>30.10%</u>	<u>0.38%</u>	<u>100.00%</u>

December 31, 2019

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 59,222,242	\$ 18,687,554	\$ 8,016,222	\$ -	\$ -	\$ 85,926,018
Financial assets at fair value through profit or loss	25,533,331	8,950,753	16,606,529	1,224,110	-	52,314,723
Financial assets at fair value through other comprehensive income	74,743,643	110,640,035	77,612,643	80,575,074	-	343,571,395
Financial assets at amortized cost	133,360,531	238,509,983	248,102,345	372,806,878	18,256,497	1,011,036,234
Refundable deposits - bonds	<u>6,708,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,708,195</u>
	<u>\$ 299,567,942</u>	<u>\$ 376,788,325</u>	<u>\$ 350,337,739</u>	<u>\$ 454,606,062</u>	<u>\$ 18,256,497</u>	<u>\$ 1,499,556,565</u>
Proportion	<u>19.98%</u>	<u>25.13%</u>	<u>23.36%</u>	<u>30.31%</u>	<u>1.22%</u>	<u>100.00%</u>

- b) China Life Insurance's regional distribution of credit risk exposure for secured loans and overdue receivables (excluding policy loans and automatic premium loans) is as follows:

December 31, 2020

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 289,438	\$ 138,635	\$ 146,264	\$ 574,337
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 289,438</u>	<u>\$ 138,635</u>	<u>\$ 146,264</u>	<u>\$ 574,337</u>
Proportion	<u>50.39%</u>	<u>24.14%</u>	<u>25.47%</u>	<u>100.00%</u>

December 31, 2019

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 414,446	\$ 211,086	\$ 208,190	\$ 833,722
Overdue receivables	-	-	-	-
	<u>\$ 414,446</u>	<u>\$ 211,086</u>	<u>\$ 208,190</u>	<u>\$ 833,722</u>
Proportion	<u>49.71%</u>	<u>25.32%</u>	<u>24.97%</u>	<u>100.00%</u>

3) Grading of financial instrument credit risk quality

China Life Insurance's internal credit risk is classified into investment grade and non-investment grade mainly based on rating of the credit rating agencies:

- Investment grade means credit rating reaches at least BBB-granted by a credit rating agency.
- Non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

Grading of credit risk quality is as follows:

December 31, 2020

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	\$ 101,374,793	\$ -
Financial assets at fair value through profit or loss	46,878,804	-
Financial assets at fair value through other comprehensive income	416,658,705	8,682,337
Financial assets at amortized cost	1,043,645,769	2,749,832
Refundable deposits	<u>7,092,185</u>	<u>-</u>
	<u>\$ 1,615,650,256</u>	<u>\$ 11,432,169</u>
Proportion	<u>99.30%</u>	<u>0.70%</u>

December 31, 2019

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	\$ 85,926,018	\$ -
Financial assets at fair value through profit or loss	52,314,723	-
Financial assets at fair value through other comprehensive income	336,578,279	6,993,116
Financial assets at amortized cost	1,011,036,234	-
Refundable deposits	<u>6,708,195</u>	<u>-</u>
	<u>\$ 1,492,563,449</u>	<u>\$ 6,993,116</u>
Proportion	<u>99.53%</u>	<u>0.47%</u>

4) Disclosure of total book value and allowance loss for financial assets' expected credit loss

China Life Insurance assesses its debt investments at fair value through other comprehensive income, debt investments measured at amortized cost and other receivables on December 31, 2020 and 2019. The assessment indicates those investments do not have significant increase in credit risk. Therefore, the 12-month expected credit loss, loss rate 0.00%-0.04% and 0.00%-0.18%, respectively is used to measure the amount of allowance loss.

The total book value of China Life Insurance debt investments measured at fair value through other comprehensive income and amortized cost and related other receivables on December 31, 2020 and 2019 are as follows:

	Measured Fair Value Through Other Comprehensive Income	Measured at Amortized Cost	Other Receivables
Total book value on December 31, 2020 (Note)	<u>\$ 374,506,422</u>	<u>\$ 1,053,544,703</u>	<u>\$ 12,120,952</u>
Total book value on December 31, 2019 (Note)	<u>\$ 311,747,682</u>	<u>\$ 1,017,837,593</u>	<u>\$ 10,760,410</u>

Note: Including securities serving as collateral deposits.

Changes in allowance losses of financial asset at fair value through other comprehensive income, and debt investment measured at cost and other related receivables for the years ended December 31, 2020 and 2019 are as follows:

	Measured Fair Value Through Other Comprehensive Income	Measured at Amortized Cost	Other Receivables
January 1, 2020	\$ 39,460	\$ 102,968	\$ 1,362
Disposal	(6,995)	(22,780)	(167)
Addition	8,265	18,317	211
Change in model/risk factors	(15,801)	(39,892)	(579)
Change in exchange rate and others	<u>(610)</u>	<u>(1,696)</u>	<u>(22)</u>
December 31, 2020	<u>\$ 24,319</u>	<u>\$ 56,917</u>	<u>\$ 805</u>
January 1, 2019	\$ 27,070	\$ 86,642	\$ 1,044
Disposal	(9,134)	(9,419)	(212)
Addition	20,255	21,242	483
Change in model/risk factors	1,649	6,056	64
Change in exchange rate and others	<u>(380)</u>	<u>(1,553)</u>	<u>(17)</u>
December 31, 2019	<u>\$ 39,460</u>	<u>\$ 102,968</u>	<u>\$ 1,362</u>

For the years ended December 31, 2020 and 2019, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward - looking factors, follow as disposals and new additions.

The total book value of China Life Insurance guarantee loan and related other receivables is listed as follows based on credit risk ratings:

December 31, 2020

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 575,133	\$ 488
Credit risk significantly increase	Lifetime expected credit loss	2,002	9
Impairment	Lifetime expected credit loss	<u>6,350</u>	<u>6</u>
Total book value		<u>\$ 583,485</u>	<u>\$ 503</u>

December 31, 2019

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 835,898	\$ 847
Credit risk significantly increase	Lifetime expected credit loss	1,685	9
Impairment	Lifetime expected credit loss	<u>9,199</u>	<u>14</u>
Total book value		<u>\$ 846,782</u>	<u>\$ 870</u>

Changes in allowance losses for the years ended December 31, 2020 and 2019 are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2020	\$ 53	\$ 347	\$ 709	\$ 1,109	\$ 11,951	\$ 13,060
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	114	-	(114)	-	-	-
Disposal	9	-	(14)	(5)	-	(5)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(3,639)	(3,639)
Change in exchange rate and others	<u>(168)</u>	<u>37</u>	<u>(137)</u>	<u>(268)</u>	<u>-</u>	<u>(268)</u>
December 31, 2020	<u>\$ 8</u>	<u>\$ 384</u>	<u>\$ 444</u>	<u>\$ 836</u>	<u>\$ 8,312</u>	<u>\$ 9,148</u>

(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2019	\$ 73	\$ 342	\$ 1,256	\$ 1,671	\$ 16,332	\$ 18,003
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	99	-	(99)	-	-	-
Disposal	(10)	-	(345)	(355)	-	(355)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(4,381)	(4,381)
Change in exchange rate and others	(109)	5	(103)	(207)	-	(207)
December 31, 2019	<u>\$ 53</u>	<u>\$ 347</u>	<u>\$ 709</u>	<u>\$ 1,109</u>	<u>\$ 11,951</u>	<u>\$ 13,060</u>

(Concluded)

The allowance loss of China Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the years ended December 31, 2020 and 2019 are as follows:

	Receivables	
	For the Year Ended December 31	
	2020	2019
January 1	\$ 7,845	\$ 7,915
Addition (reversal)	(971)	(70)
Written-off due to uncollectable	<u>-</u>	<u>-</u>
December 31	<u>\$ 6,874</u>	<u>\$ 7,845</u>

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

KGI Bank's liquidity risk management gap limit management strategy, which is the cumulative inflows and outflows (net cumulative mismatch), the KGI Bank calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each major currency. The KGI Bank also actively deconcentrates funding sources, due dates of funding settlement, and the counterparties to the due from other banks and call loans to other banks, as well as maintains an adequate amount of corporate cash in banks to enhance its liquidity position.

3) Maturity gap analysis of financial assets and non-derivative financial liabilities held for liquidity purposes

a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade assets to pay off obligations and meet any potential emergency funding needs. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans.

b) Non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on contract maturities. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 2,023,296	\$ -	\$ -	\$ 166,850	\$ -	\$ 2,190,146
Notes and bonds issued under repurchase agreement	9,150,478	2,100,000	-	-	-	11,250,478
Deposits and remittances	63,787,029	107,339,743	66,310,454	93,565,302	23,962,425	354,964,953
Loans payable	-	76,030	-	-	20,250,000	20,326,030
Other capital outflow on maturity	5,325,202	819,304	243,406	689,627	1,989,673	9,067,212
Total	\$ 80,286,005	\$ 110,335,077	\$ 66,553,860	\$ 94,421,779	\$ 46,202,098	\$ 397,798,819

(In Thousands of New Taiwan Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 10,123,296	\$ -	\$ -	\$ 166,850	\$ -	\$ 10,290,146
Notes and bonds issued under repurchase agreement	5,791,571	-	-	-	-	5,791,571
Deposits and remittances	56,190,343	73,918,182	63,886,282	71,397,928	17,967,649	283,360,384
Loans payable	-	-	1,000,000	-	9,450,000	10,450,000
Other capital outflow on maturity	3,174,240	977,602	610,172	632,082	2,508,531	7,902,627
Total	\$ 75,279,450	\$ 74,895,784	\$ 65,496,454	\$ 72,196,860	\$ 29,926,180	\$ 317,794,728

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 25,000	\$ 279,000	\$ 20,000	\$ -	\$ -	\$ 324,000
Notes and bonds issued under repurchase agreement	493,350	839,948	-	-	-	1,333,298
Deposits and remittances	1,916,605	1,028,415	766,298	1,036,791	633	4,748,742
Loans payable	-	-	-	-	388,571	388,571
Other capital outflow on maturity	22,909	24,816	3,841	69	173,673	225,308
Total	\$ 2,457,864	\$ 2,172,179	\$ 790,139	\$ 1,036,860	\$ 562,877	\$ 7,019,919

(In Thousands of U.S. Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 196,000	\$ 185,000	\$ 30,000	\$ -	\$ -	\$ 411,000
Notes and bonds issued under repurchase agreement	34,308	129,787	-	-	-	164,095
Deposits and remittances	1,475,688	1,040,336	497,607	710,207	16,677	3,740,515
Loans payable	-	-	-	-	1,014,758	1,014,758
Other capital outflow on maturity	23,118	31,544	7,225	460	235,970	298,317
Total	\$ 1,729,114	\$ 1,386,667	\$ 534,832	\$ 710,667	\$ 1,267,405	\$ 5,628,685

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (206,824,985)	\$ (196,789,956)	\$ (140,803,366)	\$ (137,735,779)	\$ (4,361,229)	\$ (686,515,315)
Cash inflow	194,310,806	181,563,454	146,455,432	139,386,098	1,427,600	663,143,390
Interest rate derivatives instruments						
Cash outflow	(164,442)	(262,309)	-	-	(16,501,198)	(16,927,949)
Cash inflow	157,617	258,900	-	-	-	416,517
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(12,682)	-	-	-	(12,682)
Cash inflow	-	47,952	-	39,576	-	87,528
Cash outflow subtotal	(206,989,427)	(197,064,947)	(140,803,366)	(137,735,779)	(20,862,427)	(703,455,946)
Cash inflow subtotal	194,468,423	181,870,306	146,455,432	139,425,674	1,427,600	663,647,435
Net cash flow	\$ (12,521,004)	\$ (15,194,641)	\$ 5,652,066	\$ 1,689,895	\$ (19,434,827)	\$ (39,808,511)

(In Thousands of New Taiwan Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (164,347,333)	\$ (268,369,855)	\$ (133,746,346)	\$ (83,336,388)	\$ (981,280)	\$ (650,781,202)
Cash inflow	151,878,212	246,852,094	130,914,798	78,914,741	-	608,559,845
Interest rate derivatives instruments						
Cash outflow	(191,930)	(404,974)	(11,308)	-	(23,503,490)	(24,111,702)
Cash inflow	166,765	379,890	11,010	-	-	557,665
Cash outflow subtotal	(164,539,263)	(268,774,829)	(133,757,654)	(83,336,388)	(24,484,770)	(674,892,904)
Cash inflow subtotal	152,044,977	247,231,984	130,925,808	78,914,741	-	609,117,510
Net cash flow	\$ (12,494,286)	\$ (21,542,845)	\$ (2,831,846)	\$ (4,421,647)	\$ (24,484,770)	\$ (65,775,394)

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (7,969,556)	\$ (7,382,985)	\$ (5,365,240)	\$ (5,101,049)	\$ (68,362)	\$ (25,887,192)
Cash inflow	8,882,167	7,921,998	5,233,584	5,049,456	167,364	27,254,569
Interest rate derivatives instruments						
Cash outflow	(99,212)	(55,360)	(36,213)	(6,217)	(12,355)	(209,357)
Cash inflow	19,520	44,758	39,476	770	-	104,524
Others						
Cash outflow	(102)	-	-	-	-	(102)
Cash inflow	22	-	-	-	-	22
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(732)	(949)	(1,441)	-	-	(3,122)
Cash inflow	131	130	-	-	-	261
Cash outflow subtotal	(8,069,602)	(7,439,294)	(5,402,894)	(5,107,266)	(80,717)	(26,099,773)
Cash inflow subtotal	8,901,840	7,966,886	5,273,060	5,050,226	167,364	27,359,376
Net cash flow	\$ 832,238	\$ 527,592	\$ (129,834)	\$ (57,040)	\$ 86,647	\$ 1,259,603

(In Thousands of U.S. Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (5,750,775)	\$ (9,001,291)	\$ (4,941,888)	\$ (3,195,125)	\$ (39,760)	\$ (22,928,839)
Cash inflow	6,494,421	9,827,038	4,757,470	3,276,983	71,760	24,427,672
Interest rate derivatives instruments						
Cash outflow	(64,773)	(104,723)	(61,874)	(7,424)	(59,508)	(298,302)
Cash inflow	42,890	93,676	46,775	2,148	-	185,489
Others						
Cash outflow	(42)	-	-	-	-	(42)
Cash inflow	301	-	-	-	-	301
Cash outflow subtotal	(5,815,590)	(9,106,014)	(5,003,762)	(3,202,549)	(99,268)	(23,227,183)
Cash inflow subtotal	6,537,612	9,920,714	4,804,245	3,279,131	71,760	24,613,462
Net cash flow	\$ 722,022	\$ 814,700	\$ (199,517)	\$ 76,582	\$ (27,508)	\$ 1,386,279

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 15,124,722	\$ 5,848,748	\$ 3,537,160	\$ 8,468,668	\$ 14,800,039	\$ 47,779,337

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 15,435,073	\$ 4,342,895	\$ 3,866,860	\$ 11,583,264	\$ 12,995,388	\$ 48,223,480

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 126,259,626	\$ 218,538,885	\$ 236,331,669	\$ 183,460,469	\$ 199,364,727	\$ 201,291,671	\$ 1,165,267,047
Main capital outflow on maturity	86,694,650	218,565,015	342,305,036	235,556,543	290,957,932	239,858,879	1,413,938,055
Gap	39,564,976	(26,130)	(105,973,367)	(52,076,074)	(91,593,205)	(38,567,208)	(248,671,008)

(In Thousands of New Taiwan Dollars)

December 31, 2019	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 151,970,909	\$ 126,185,567	\$ 293,006,276	\$ 163,421,009	\$ 140,933,669	\$ 180,673,425	\$ 1,056,190,855
Main capital outflow on maturity	127,341,482	129,000,673	375,874,625	225,921,766	211,322,106	217,972,573	1,287,433,225
Gap	24,629,427	(2,815,106)	(82,868,349)	(62,500,757)	(70,388,437)	(37,299,148)	(231,242,370)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 9,833,682	\$ 8,448,038	\$ 5,800,874	\$ 5,403,847	\$ 3,873,543	\$ 33,359,984
Main capital outflow on maturity	10,655,036	9,866,406	6,457,437	6,655,130	1,861,711	35,495,720
Gap	(821,354)	(1,418,368)	(656,563)	(1,251,283)	2,011,832	(2,135,736)

(In Thousands of U.S. Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 7,178,580	\$ 10,541,976	\$ 5,173,672	\$ 3,582,959	\$ 2,980,884	\$ 29,458,071
Main capital outflow on maturity	7,717,297	10,837,581	5,899,218	4,610,817	2,933,121	31,998,034
Gap	(538,717)	(295,605)	(725,546)	(1,027,858)	47,763	(2,539,963)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 6,935,304	\$ 3,651,859	\$ -	\$ -	\$ -	\$ 10,587,163
Financial assets measured at FVTPL - current	56,815,841	9,670,818	710,972	11,523,068	7,750	78,728,449
Financial assets measured at FVTOCI - current	20,401,895	4,088,596	365,734	-	-	24,856,225
Securities purchased under resell agreement	-	13,612,920	-	-	-	13,612,920
Receivables	62,857,158	4,352,481	21,824,794	13,323	-	89,047,756
Customer margin accounts	54,510,397	-	-	-	-	54,510,397
Stock borrowing collateral price and security lending deposits	7,983,545	21,444,531	13,041,029	-	-	42,469,105
Other financial assets - current	-	-	5,431,740	-	-	5,431,740
Current tax assets	-	-	6,515	10,061	-	16,576
Other current assets	32,879,769	1,640,660	412,148	-	-	34,932,577
Financial assets measured at FVTPL - non-current	-	-	-	585,801	2,428,662	3,014,463
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,887,144	6,887,144
Investments accounted for using the equity method	-	-	-	-	19,251,480	19,251,480
Other non-current assets	-	-	90	1,907	2,859,626	2,861,623
Total	\$ 242,383,909	\$ 58,461,865	\$ 41,793,022	\$ 12,134,160	\$ 31,434,662	\$ 386,207,618
Percentage	62.76%	15.14%	10.82%	3.14%	8.14%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2020	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 20,632,053	\$ -	\$ -	\$ -	\$ 20,632,053
Commercial paper payable	-	3,661,296	-	-	-	3,661,296
Financial liabilities measured at FVTPL - current	20,792,004	2,480,421	2,147,320	9,760,280	2,379,082	37,559,107
Bonds issued under repurchase agreements	-	75,608,138	-	-	-	75,608,138
Payables	67,979,094	1,982,879	5,106,503	-	-	75,068,476
Guarantee deposits received from security lending	-	12,730,327	28,080,025	-	-	40,810,352
Futures customers' equity	52,663,335	-	-	-	-	52,663,335
Amounts collected for others/other payables/other current liabilities	3,155,106	1,804,672	4,702,357	58,490	43	9,720,668
Other financial liabilities - current	-	4,150,226	133	1,164	2,137	4,153,660
Lease liabilities - current	-	124,556	341,432	-	-	465,988
Current tax liabilities	-	-	298,916	-	1,272,453	1,571,369
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,643	188,069	212,712
Lease liabilities - non-current	-	-	-	573,570	-	573,570
Other non-current liabilities	-	-	20	815,886	85,192	901,098
Total	\$ 144,589,539	\$ 123,174,568	\$ 40,676,706	\$ 14,134,033	\$ 5,226,976	\$ 327,801,822
Percentage	44.11%	37.58%	12.41%	4.31%	1.59%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 242,383,909	\$ 58,461,865	\$ 41,793,022	\$ 12,134,160	\$ 31,434,662	\$ 386,207,618
Cash outflow	144,589,539	123,174,568	40,676,706	14,134,033	5,226,976	327,801,822
Amount of cash flow gap	\$ 97,794,370	\$ (64,712,703)	\$ 1,116,316	\$ (1,999,873)	\$ 26,207,686	\$ 58,405,796

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2019	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 5,696,868	\$ 10,953,559	\$ -	\$ -	\$ -	\$ 16,650,427
Financial assets measured at FVTPL - current	63,269,847	5,028,733	3,976,634	9,531,757	20,357	81,827,328
Financial assets measured at FVTOCI - current	17,490,965	2,763,329	727,176	-	-	20,981,470
Securities purchased under resell agreement	-	18,221,682	-	-	-	18,221,682
Receivables	36,369,508	2,953,477	17,790,823	-	-	57,113,808
Customer margin accounts	37,535,640	-	-	-	-	37,535,640
Stock borrowing collateral price and security lending deposits	1,023,538	10,110,005	5,647,820	-	-	16,781,363
Other financial assets - current	-	-	3,126,037	-	-	3,126,037
Current tax assets	-	-	12,683	4,259	286	17,228
Other current assets	35,613,718	509,440	1,384,019	-	-	37,507,177
Financial assets measured at FVTPL - non-current	-	-	-	716,206	2,375,584	3,091,790
Financial assets measured at FVTOCI - non-current	-	-	-	-	8,058,407	8,058,407
Investments accounted for using the equity method	-	-	-	-	16,385,894	16,385,894
Other non-current assets	-	-	-	329	2,578,969	2,579,298
Total	\$ 197,000,084	\$ 50,540,225	\$ 32,665,192	\$ 10,252,551	\$ 29,419,497	\$ 319,877,549
Percentage	61.59%	15.80%	10.21%	3.20%	9.20%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2019	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 18,789,210	\$ -	\$ -	\$ -	\$ 18,789,210
Commercial paper payable	-	6,043,308	-	-	-	6,043,308
Financial liabilities measured at FVTPL - current	3,882,975	1,334,940	4,227,440	5,771,703	1,057,325	16,274,383
Bonds issued under repurchase agreements	-	77,526,773	-	-	-	77,526,773
Payables	48,220,935	2,258,885	4,164,112	-	-	54,643,932
Guarantee deposits received from security lending	-	8,145,992	15,072,197	-	-	23,218,189
Futures customers' equity	36,405,424	-	-	-	-	36,405,424
Amounts collected for others/other payables/other current liabilities	565,630	1,241,103	11,667,891	37	-	13,474,661
Other financial liabilities - current	-	4,888,051	187	1,457	860	4,890,555
Lease liabilities - current	-	130,877	361,339	-	-	492,216
Current tax liabilities	-	-	160,908	-	739,950	900,858
Long-term liabilities - current portion	-	-	4,800,000	-	-	4,800,000
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,753	195,457	220,210
Lease liabilities - non-current	-	-	-	752,538	-	752,538
Other non-current liabilities	-	-	609	685,100	68,013	753,722
Total	\$ 89,074,964	\$ 120,359,139	\$ 40,454,683	\$ 10,135,588	\$ 3,361,605	\$ 263,385,979
Percentage	33.82%	45.70%	15.36%	3.85%	1.27%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2019	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 197,000,084	\$ 50,540,225	\$ 32,665,192	\$ 10,252,551	\$ 29,419,497	\$ 319,877,549
Cash outflow	89,074,964	120,359,139	40,454,683	10,135,588	3,361,605	263,385,979
Amount of cash flow gap	\$ 107,925,120	\$ (69,818,914)	\$ (7,789,491)	\$ 116,963	\$ 26,057,892	\$ 56,491,570

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from December 31, 2020 and 2019, show that the sums from deducting cash outflow from cash inflow are \$58,405,796 thousand and \$56,491,570 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

- a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.
- b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

CDIB Capital Group and subsidiaries

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

CDIB Capital Group's Management policies of liquidity risk are as follows:

- 1) Dispose of surplus capital should consider possible future capital requirements, deconcentration of capital sources and reasonable liquidity of liability Structure.
- 2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

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

China Life Insurance

- 1) Liquidity risks are classified to "funding liquidity risk" and "market liquidity risk." "Funding liquidity risk" represents that China Life Insurance is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. "Market liquidity risk" represents the risk that China Life Insurance sells at loss to meet the demand for cash.

China Life Insurance assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, China Life Insurance manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how China Life Insurance in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

China Life Insurance regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, China Life Insurance reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held for managing liquidity risk

China Life Insurance holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, etc.

b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to China Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	December 31, 2020			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 13,226,534	\$ 37,902	\$ -	\$ 13,264,436
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	142,264	370,750	3,517,832	4,030,846
	December 31, 2019			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 19,381,881	\$ 35,415	\$ -	\$ 19,417,296
Lease liabilities	165,162	370,132	4,835,373	5,370,667

c) Maturity analysis of derivative financial liabilities

China Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

China Life Insurance has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. China Life Insurance enters into forward contracts and cross currency swaps derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and cross currency swaps will be operated continually and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

China Life Insurance's maturity structure of derivative financial liabilities is as follows:

December 31, 2020					
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,535,594	\$ 255,285	\$ 83,149	\$ 57,331	\$ 7,931,359
December 31, 2019					
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 1,357,762	\$ 43,560	\$ 24,748	\$ -	\$ 1,426,070

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

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

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, then comply with the requirements of the governing authorities, KGI Bank has developed "Market Risk Management Standard" based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables announced by the FSC, international standards, and CDFH's market risk management policy framework.

The "Market Risk Policy" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank's book management approach to financial instrument handling.

Following the "Market Risk Policy", the KGI Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and Risk Management Committee of parent company, CDFH. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of traders' position risk value, position sensitivity and profit and loss figure on the daily basis.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	\$ 48,287	\$ 195,476	\$ 9,098	\$ 139,196	\$ 226,896	\$ 66,552
Equity risk	3,844	20,852	-	1,145	10,137	-
Exchange rate risk	7,653	148,483	1,201	5,129	12,638	1,458

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) Concentration of currency risk information

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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,790,521	28.51	\$ 222,092,171
EUR	738,730	35.05	25,892,503
HKD	3,969,555	3.68	14,596,055
ZAR	2,386,737	1.95	4,656,523
CNY	1,039,054	4.38	4,553,033
JPY	6,254,069	0.28	1,729,250
AUD	51,070	21.97	1,122,009
GBP	28,201	38.92	1,097,573
CAD	34,936	22.36	781,161
SGD	19,091	21.58	411,982
Nonmonetary items			
CNY	200,400	4.38	878,133
<u>Financial liabilities</u>			
Monetary items			
USD	9,118,815	28.51	259,959,188
CNY	3,416,084	4.38	14,968,940
EUR	385,929	35.05	13,526,828
ZAR	2,562,025	1.95	4,998,510
AUD	81,382	21.97	1,787,954
JPY	6,181,514	0.28	1,709,189
HKD	106,490	3.68	391,563
GBP	7,510	38.92	292,284
NZD	7,416	20.59	152,697

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,748,558	30.11	\$ 173,066,073
EUR	459,981	33.76	15,528,947
HKD	3,767,759	3.87	14,566,157
CNY	1,005,243	4.32	4,345,667
ZAR	1,003,988	2.14	2,149,539
JPY	7,580,733	0.28	2,100,621
GBP	42,533	39.55	1,682,188
CAD	60,132	23.08	1,387,854
AUD	26,957	21.10	568,800
SGD	18,231	22.37	407,817
NZD	19,918	20.27	403,736

Financial liabilities

Monetary items			
USD	7,193,801	30.11	216,576,559
CNY	4,143,416	4.32	17,911,985
EUR	290,357	33.76	9,802,438
ZAR	3,007,386	2.14	6,438,814
AUD	111,802	21.10	2,359,021
JPY	5,261,286	0.28	1,457,902
HKD	252,039	3.87	974,382
GBP	8,083	39.55	319,679
NZD	5,250	20.27	106,419

9) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (New Taiwan dollars)

December 31, 2020

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 351,840,836	\$ 24,252,454	\$ 28,426,140	\$ 65,501,953	\$ 470,021,383
Interest rate-sensitive liabilities	184,972,101	154,028,900	39,498,742	23,284,816	401,784,559
Interest rate sensitivity gap	166,868,735	(129,776,446)	(11,072,602)	42,217,137	68,236,824
Net worth					62,681,761
Ratio of interest rate-sensitive assets to liabilities (%)					116.98
Ratio of interest rate-sensitive gap to net worth (%)					108.86

December 31, 2019

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 303,272,809	\$ 19,249,480	\$ 36,383,885	\$ 58,866,755	\$ 417,772,929
Interest rate-sensitive liabilities	131,600,466	133,057,975	28,756,714	11,734,678	305,149,833
Interest rate sensitivity gap	171,672,343	(113,808,495)	7,627,171	47,132,077	112,623,096
Net worth					60,871,214
Ratio of interest rate-sensitive assets to liabilities (%)					136.91
Ratio of interest rate-sensitive gap to net worth (%)					185.02

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (U.S. dollars)

December 31, 2020

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,239,720	\$ 125,719	\$ 86,956	\$ 2,138,805	\$ 5,591,200
Interest rate-sensitive liabilities	5,803,909	496,648	167,853	389,205	6,857,615
Interest rate sensitivity gap	(2,564,189)	(370,929)	(80,897)	1,749,600	(1,266,415)
Net worth					150,985
Ratio of interest rate-sensitive assets to liabilities (%)					81.53
Ratio of interest rate-sensitive gap to net worth (%)					(838.77)

December 31, 2019

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 2,853,130	\$ 113,902	\$ 45,528	\$ 1,017,195	\$ 4,029,755
Interest rate-sensitive liabilities	3,559,953	402,898	336,081	998,504	5,297,436
Interest rate sensitivity gap	(706,823)	(288,996)	(290,553)	18,691	(1,267,681)
Net worth					109,641
Ratio of interest rate-sensitive assets to liabilities (%)					76.07
Ratio of interest rate-sensitive gap to net worth (%)					(1,156.21)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities and subsidiaries also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

- a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.
- b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities, which could divided into two types by distribution of financial instrument:
 - i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).
 - ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).
- c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).
- d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	December 31, 2020	December 31, 2019
Interest rate risk	\$ 8,513	\$ 6,516
Equity securities risk		
Equity delta	17,664,941	4,417,188
Debt delta	1,800,339	2,608,475
Exchange rate risk	4,463,211	4,587,344
Commodity risk	60,720	2,694

2) Value at risk

Value at risk (“VAR”) is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct backtesting daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Year Ended December 31, 2020			December 31, 2020
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 184,619	\$ 63,194	\$ 454,331	\$ 151,569
Interest rate	154,151	82,202	223,599	182,052
Exchange rate	29,364	16,470	47,454	28,944
Commodity	16,173	564	144,496	18,933

	For the Year Ended December 31, 2019			December 31, 2019
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 97,014	\$ 52,400	\$ 178,336	\$ 75,799
Interest rate	94,274	60,944	161,965	84,423
Exchange rate	24,821	6,749	41,791	22,203
Commodity	15,277	729	74,792	8,851

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help KGI Securities’ board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) Foreign currency exchange rate of financial assets and liabilities information

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2020			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,088,229	28.50	\$ 88,025,500
EUR	637,881	35.05	22,357,681
CNY	392,281	4.38	1,718,934
JPY	1,724,707	0.28	476,661
HKD	112,418	3.68	413,144
Nonmonetary items			
USD	2,230,286	28.51	63,580,981
CNY	910,648	4.38	3,990,370
Investments accounted for using the equity method			
USD	84,975	28.51	2,422,459
<u>Financial liabilities</u>			
Monetary items			
USD	5,614,807	28.51	160,053,538
EUR	636,629	35.05	22,313,802
CNY	390,736	4.38	1,712,162
JPY	1,577,505	0.28	435,959
HKD	67,455	3.67	247,883
Nonmonetary items			
USD	409,738	28.51	11,680,810

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,526,736	30.09	\$ 76,026,980
EUR	309,281	33.76	10,440,653
HKD	113,315	3.86	436,901
CNY	66,949	4.32	289,403
JPY	998,477	0.28	275,883
Nonmonetary items			
USD	1,862,991	30.11	56,087,221
CNY	1,333,592	4.32	5,765,119
AUD	36,172	21.10	763,236
EUR	10,783	33.76	364,023
Investments accounted for using the equity method			
USD	86,389	30.11	2,600,838
<u>Financial liabilities</u>			
Monetary items			
USD	4,887,513	30.10	147,101,061
EUR	311,723	33.76	10,523,105
AUD	26,646	21.10	562,228
HKD	73,636	3.85	283,827
CNY	51,765	4.32	223,764
JPY	732,425	0.28	202,163
Nonmonetary items			
USD	279,293	30.11	8,408,404
AUD	8,594	21.10	181,324
CNY	26,862	4.32	116,126

CDIB Capital Group and subsidiaries

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

1) Exchange rate risk

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

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

Financial liabilities

Monetary items			
USD	15,869	30.106	477,763

Sensitivity analysis

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

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

2) Interest rate risk

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

3) Other price risk

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

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

China Life Insurance

1) Market risk analysis

Market risk refers to financial assets and liabilities due to market risk factors volatility, making the change of the value to cause the risk of loss.

China Life Insurance has built value at risk (VaR) model. All financial assets involve market risks regularly monitor by risk management system and calculate the VaR. Risk control indices are notional amount and VaR. It will issue risk management reports and execute routine control and process when over limit. We also report VaR, the use of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

2) Exchange rate risk

China Life Insurance continues to exercise swaps and forward exchange derivative transactions to hedge the value change risk of holding foreign currencies because of changes in exchange rates in accordance with relevant laws and internal control requirements to use the control mechanism to control this risk.

China Life Insurance's exchange rate risk is primarily related to operating activities (the currencies the income or expense used are not the same as the functional currency of China Life Insurance).

Some of China Life Insurance's accounts receivable and accounts payable are denoted in the same foreign currency. Under such circumstances, the similar positions will naturally generate the hedging effect. Some foreign currency positions use forward exchange contracts to manage foreign exchange risk. As the foregoing natural hedge and foreign exchange forward do not meet the requirements of hedge accounting in terms of managing exchange rate risk, hedge accounting is not adopted.

3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the fair value of financial instruments. China Life Insurance manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

4) Equity price risk

China Life Insurance holds equity securities of listed and unlisted companies, and OTC-traded and non-OTC traded companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. Equity securities of non-listed and non-OTC traded companies fall into available-for-sale category. China Life Insurance diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of China Life Insurance. The Board of Directors should authorize the senior executives to review and approve the equity securities of all investment decisions.

5) Value at risk

Value-at-risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. China Life Insurance uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model used to manage risk must perform model validation and backtesting to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

6) Stress testing

China Life Insurance measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to Value at Risk models. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

China Life Insurance performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple sensitivity

Simple Sensitivity measures the dollar amount change for the portfolio value from the movement of specific risk factors.

b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenarios occur. The types of scenario include:

i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, China Life Insurance simulates what the dollar amount of losses for the current investment portfolio would be in the same period of time.

ii. Hypothetical scenario:

China Life Insurance makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses for the investment position by taking into consideration the movement of relevant risk factors.

Risk management department performs the stress testing with historical and hypothetical scenarios regularly. China Life Insurance's risk analysis, early warning, and business management are in accordance with the stress testing report.

**Summary of Factor Sensitivity Analysis
December 31, 2020**

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 2,757,465
Interest rate risk (yield curve)	+1BP	-	(735,342)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,613,715)	(930,369)

**Summary of Factor Sensitivity Analysis
December 31, 2019**

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 1,669,270
Interest rate risk (yield curve)	+1BP	-	(583,242)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,118,730)	(632,610)

- 7) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of December 31, 2020 and 2019 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,864,113	28.5080	\$ 1,193,462,138
AUD	4,515,182	21.9711	99,203,515
Non-monetary items			
USD	2,401,796	28.5080	68,470,412
<u>Financial liabilities</u>			
Monetary items			
USD	233,970	28.5080	6,670,007

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2019			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,169,001	30.1060	\$ 1,119,007,204
AUD	3,964,377	21.0983	83,641,608
Non-monetary items			
USD	987,605	30.1060	29,732,838
<u>Financial liabilities</u>			
Monetary items			
USD	290,758	30.1060	8,753,554

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 285,008	\$ 270,826	\$ 285,080	\$ 270,826	\$ 14,254
Financial assets at FVTPL	797,110	767,528	797,110	767,528	29,582
Financial assets at FVTOCI	62,050,850	58,248,403	62,050,850	58,248,403	3,802,447

December 31, 2019					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	\$ 3,210,485	\$ 3,046,369	\$ 3,210,485	\$ 3,046,369	\$ 164,116
Financial assets at FVTOCI	16,624,605	15,703,472	16,624,605	15,703,472	921,133

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities does not derecognize it entirely because KGI Securities remains exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 57,660,617	\$ 54,435,527	\$ 57,660,617	\$ 54,435,527	\$ 3,225,090
Transaction - borrowed securities	244,854	342,796	244,854	342,796	(97,942)

December 31, 2019					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 67,060,739	\$ 64,889,744	\$ 67,060,739	\$ 64,889,744	\$ 2,170,995
Transaction - borrowed securities	1,291,917	1,808,684	1,291,917	1,808,684	(516,767)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Financial Assets at FVTPL	Assets	Liabilities	
December 31, 2020	Call option	\$ 10,332,500	\$ 1,522,083	\$ 1,522,083	\$ -	\$ 1,522,083
December 31, 2019	Call option	11,705,100	1,115,752	1,115,752	-	1,115,752

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
December 31, 2020	Call option	\$ -	\$ 850,900	\$ 2,064,900	\$ 7,416,700	\$ -	\$ 10,332,500
December 31, 2019	Call option	-	318,000	4,362,400	7,024,700	-	11,705,100

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

Period	Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
December 31, 2020	Call option	\$ 19,004	\$ 393,637	\$ 412,641
December 31, 2019	Call option	2,970	(54,734)	(51,764)

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 30,168,313	\$ -	\$ 30,168,313	\$ 29,606,736	\$ 561,577	\$ -
Derivative instruments (Note 2)	55,608,363	-	55,608,363	15,138,811	2,986,498	37,483,054
Total	\$ 85,776,676	\$ -	\$ 85,776,676	\$ 44,745,547	\$ 3,548,075	\$ 37,483,054

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 59,286,757	\$ -	\$ 59,286,757	\$ 59,286,757	\$ -	\$ -
Derivative instruments (Note 2)	60,597,555	-	60,597,555	15,138,811	6,928,963	38,529,781
Total	\$ 119,884,312	\$ -	\$ 119,884,312	\$ 74,425,568	\$ 6,928,963	\$ 38,529,781

December 31, 2019						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 18,686,598	\$ -	\$ 18,686,598	\$ 18,655,848	\$ 30,750	\$ -
Derivative instruments	30,493,327	-	30,493,327	5,239,990	3,229,772	22,023,565
Total	\$ 49,179,925	\$ -	\$ 49,179,925	\$ 23,895,838	\$ 3,260,522	\$ 22,023,565

December 31, 2019						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 18,749,841	\$ -	\$ 18,749,841	\$ 18,745,805	\$ 4,036	\$ -
Derivative financial instruments	46,196,967	-	46,196,967	5,239,990	6,207,146	34,749,831
Total	\$ 64,946,808	\$ -	\$ 64,946,808	\$ 23,985,795	\$ 6,211,182	\$ 34,749,831

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities has signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities to provide securities as collateral, meanwhile KGI Securities signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	\$ 3,571,037	\$ -	\$ 3,571,037	\$ -	\$ 851,194	\$ 2,719,843
Securities purchased under resell agreements	13,610,026	-	13,610,026	13,610,026	-	-
Total	\$ 17,181,063	\$ -	\$ 17,181,063	\$ 13,610,026	\$ 851,194	\$ 2,719,843

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivative financial instruments	\$ 9,234,243	\$ -	\$ 9,234,243	\$ -	\$ 3,740,088	\$ 5,494,155
Notes and bonds issued under repurchase agreements	75,577,488	-	75,577,488	75,577,488	-	-
Total	\$ 84,811,731	\$ -	\$ 84,811,731	\$ 75,577,488	\$ 3,740,088	\$ 5,494,155

December 31, 2019						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	\$ 3,206,002	\$ -	\$ 3,206,002	\$ -	\$ 462,937	\$ 2,743,065
Securities purchased under resell agreements	18,188,175	-	18,188,175	18,188,175	-	-
Total	\$ 21,394,177	\$ -	\$ 21,394,177	\$ 18,188,175	\$ 462,937	\$ 2,743,065

December 31, 2019						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivative financial instruments	\$ 6,297,339	\$ -	\$ 6,297,339	\$ -	\$ 1,579,943	\$ 4,717,396
Notes and bonds issued under repurchase agreements	77,387,490	-	77,387,490	77,387,490	-	-
Total	\$ 83,684,829	\$ -	\$ 83,684,829	\$ 77,387,490	\$ 1,579,943	\$ 4,717,396

Note: Financial instruments include master netting arrangements and non-cash collateral.

China Life Insurance

China Life Insurance holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

China Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 12,108,158	\$ -	\$ 12,108,158	\$ 6,447,658	\$ 6,590,479	\$ -

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 7,931,359	\$ -	\$ 7,931,359	\$ 6,447,658	\$ -	\$ 1,483,701

December 31, 2019						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 9,761,846	\$ -	\$ 9,761,846	\$ 1,363,504	\$ 5,495,549	\$ 2,902,793

December 31, 2019						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 1,426,070	\$ -	\$ 1,426,070	\$ 1,363,504	\$ -	\$ 62,566

56. CAPITAL MANAGEMENT

a. Capital management objective

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

c. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2020		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 218,307,368	\$ 255,588,760
KGI Bank	100.00	77,141,605	54,698,422
KGI	100.00	25,496,473	13,542,980
CDIB Capital Group	100.00	34,769,285	18,892,734
China Development Asset Management Corp.	100.00	1,457,440	842,791
China Life Insurance	34.82	45,359,178	31,525,054
Deduct items		245,355,879	223,898,679
Subtotal		157,175,470 (A)	121,192,062 (B)
Group's CAR (C)=(A)÷(B)			129.69 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2019		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 197,312,133	\$ 214,611,185
KGI Bank	100.00	73,132,603	49,915,933
KGI	100.00	23,161,337	10,346,016
CDIB Capital Group	100.00	42,672,343	22,121,983
China Development Asset Management Corp.	100.00	2,597,981	1,401,765
China Life Insurance	34.82	37,487,589	24,587,139
Deduct items		239,457,130	214,485,554
Subtotal		136,906,856 (A)	108,498,467 (B)
Group's CAR (C)=(A)÷(B)			126.18 (C)

Note: Group's capital adequacy ratio = Group's eligible capital, net/Group's legal capital demand.

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	December 31	
	2020	2019
Common stock	\$ 149,729,414	\$ 149,663,721
Capital instruments of comply with Tier 1 capital requirement	-	-
Other preferred stock and subordinated bonds	15,600,000	9,800,000
Reserve for raising capital	3,298	20,359
Capital surplus	1,627,728	1,093,745
Legal reserve	8,816,167	7,561,404
Special reserve	565,041	10,797,899
Retained earnings	24,809,292	12,617,375
Equity adjustment	18,363,815	8,907,903
Deduction: Capital items	<u>(1,207,387)</u>	<u>(3,150,273)</u>
	<u>\$ 218,307,368</u>	<u>\$ 197,312,133</u>

The Group's CARs were 129.69% and 126.18% as of December 31, 2020 and 2019, respectively. Since the Financial Holding Company Act and related regulations require, the Group's CAR should be at least 100%, the Group's CARs met its requirement.

57. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

- a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2020	2019		2020	2019
Bank deposits	\$ 2,447,500	\$ 1,838,862	Payables	\$ 147,211	\$ 149,274
Short-term investments			Payables on securities under custody	4,447,636	5,664,385
Funds	26,344,609	25,815,460	Other liabilities	47,887	74,328
Bonds	2,737,180	1,824,642	Trust capital	49,512,740	43,986,603
Common shares	77,985	97,185	Accumulated earnings	(275,293)	33,505
Structured notes	-	93,766			
Receivables	277	25,931			
Real estate					
Lands	15,144,104	11,864,353			
Buildings and facilities	1,656,251	1,657,823			
Intangible assets - surface right	984,534	984,534			
Securities under custody	4,447,636	5,664,385			
Other assets	<u>40,105</u>	<u>41,154</u>			
Total	<u>\$ 53,880,181</u>	<u>\$ 49,908,095</u>		<u>\$ 53,880,181</u>	<u>\$ 49,908,095</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Trust income and gains		
Dividend income	\$ 13,518	\$ 10,834
Interest income	1,293,553	1,452,195
Rental income	27,181	27,657
Other income	<u>8,295</u>	<u>7,471</u>
Total trust income and gains	<u>1,342,547</u>	<u>1,498,157</u>
Trust expenses		
Properties transaction losses	(1,392,095)	(655,279)
Administrative expenses	(40,735)	(50,820)
Other expenses	<u>(325,602)</u>	<u>(22,958)</u>
Total trust expenses	<u>(1,758,432)</u>	<u>(729,057)</u>
Net income	<u>\$ (415,885)</u>	<u>\$ 769,100</u>

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

	December 31	
Investment Portfolio	2020	2019
Bank deposits	\$ 2,447,500	\$ 1,838,862
Short-term investments		
Funds	26,344,609	25,815,460
Bonds	2,737,180	1,824,642
Common shares	77,985	97,185
Structured notes	-	93,766
Real estate		
Lands	15,144,104	11,864,353
Buildings and facilities	1,656,251	1,657,823
Intangible assets - surface right	984,534	984,534
Securities under custody	4,447,636	5,664,385
Other assets	<u>40,382</u>	<u>67,085</u>
Total	<u>\$ 53,880,181</u>	<u>\$ 49,908,095</u>

- b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2020	2019		2020	2019
Bank deposits	\$ 1,798,748	\$ 1,030,073	Payables	\$ 40,203	\$ 24,674
Financial assets	35,844,246	28,466,294	Trust capital	33,374,578	26,212,975
Receivables	<u>295,830</u>	<u>402,789</u>	Reserves and retained earnings	<u>4,524,043</u>	<u>3,661,507</u>
Total	<u>\$ 37,938,824</u>	<u>\$ 29,899,156</u>	Total	<u>\$ 37,938,824</u>	<u>\$ 29,899,156</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	For the Year Ended December 31	
	2020	2019
Trust income	\$ 5,737,714	\$ 4,301,782
Trust expenses	<u>(3,040,671)</u>	<u>(2,381,197)</u>
Income before income tax	2,697,043	1,920,585
Income tax expenses	<u>-</u>	<u>-</u>
Income after income tax	<u>\$ 2,697,043</u>	<u>\$ 1,920,585</u>

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	December 31	
	2020	2019
Bank deposits	\$ 1,798,748	\$ 1,030,073
Stocks	16,652,820	11,891,410
Funds	15,253,348	14,146,389
Structured notes	3,178,855	1,979,707
Bonds	<u>759,223</u>	<u>448,788</u>
Total	<u>\$ 37,642,994</u>	<u>\$ 29,496,367</u>

58. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 9 (attached).

59. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 10 (attached).

60. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

Please refer to Note 48 for related-party transactions.

b. Integrate business activities

The Corporation has become a full-functioning financial platform for its customers by improving the overall business performance of the company through integrating the insurance, investment, trust custody and channel of banking, securities and life insurance.

c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from FSC, the Corporation has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Corporation and its subsidiaries, which joined the cross selling business disclosure protection measures of customer information on official website (<http://www.cdibh.com/chhtml/content/1513>) to limit the use of the data, secure the customer information and related rights when handling cross-selling activities.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

61. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 50 to the consolidated financial statements. Information on disaster damages: None.

62. SUBSIDIARIES’ ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 52 and 55 to the consolidated financial statements.

63. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

64. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARIES

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. are in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	December 31				Standard	Meet Standard
		2020		2019			
		Formula	%	Formula	%		
17	Equities	\$1,978,857	= 3.56	\$1,600,505	= 26.09	≥ 1	Yes
	Total liabilities minus customers' equity accounts	\$555,428		\$61,353			
17	Current assets	\$3,265,839	= 5.88	\$1,898,585	= 31.25	≥ 1	Yes
	Current liabilities	\$555,112		\$60,759			
22	Equities	\$1,978,857	= 494.71%	\$1,600,505	= 400.13%	≥ 60%	Yes
	Capital stock	\$400,000		\$400,000		≥ 40%	
22	Adjusted net capital	\$974,269	= 161.41%	\$1,373,156	= 570.76%	≥ 20%	Yes
	Client and proprietary account	\$603,590		\$240,585		≥ 15%	

b. KGI Futures Corp.

Rule No.	Formula	December 31				Standard	Meet Standard
		2020		2019			
		Formula	%	Formula	%		
17	Equities	\$4,045,179	=7.51	\$3,476,758	=7.22	≥ 1	Yes
	Total liabilities minus customers' equity accounts	538,351		\$481,786			
17	Current assets	\$37,397,552	= 1.08	\$24,648,866	= 1.09	≥ 1	Yes
	Current liabilities	\$34,726,811		\$22,526,171			
22	Equities	\$4,045,179	=532.26%	\$3,476,758	=457.47%	≥ 60% ≥ 40%	Yes
	Capital stock	760,000		\$760,000			
22	Adjusted net capital	\$3,609,974	=42.66%	\$2,916,462	= 53.83%	≥ 20% ≥ 15%	Yes
	Client and proprietary account	8,461,679		\$5,418,240			

65. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Securities held:

Richpoint Company Limited

(In U.S. Dollars)

	Number of Shares	Carrying Amount
Financial assets at FVTPL - non-current Dragon Investment Fund I Co.	612,519	<u>\$ 58,334</u>

KGI International Holdings Limited

(In U.S. Dollars)

	Number of Shares	Carrying Amount
Financial assets at FVTOCI - non-current Sogo Financial Group Inc.	62,611.55	<u>\$ 2,375,000</u>

- b. Asset management revenues, service and litigation matters: Note 50(c).
- c. Balance sheet: Tables 13-1 to 13-4 (attached).
- d. Income statement: Tables 14-1 to 14-4 (attached).

66. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

- 1) Financing provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).
- 2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).
- 3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and China Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).

- 4) Marketable securities were acquired and disposed of, at cost or prices of at least NT\$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT\$300 million or 10% of the issued capital): For the Corporation and KGI Bank subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries and China Life Insurance. KGI Bank and CDIB Capital Group's information please refer to Table 4 (attached).
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: For the Group's information: Please refer to Table 5 (attached).
 - 6) Disposal of individual real estate at price of at least NT\$300 million or 10% of the issued capital: For the Group's information: None.
 - 7) Discount on service fees received from related parties amounting to NT\$5 million: For the Group's information: None.
 - 8) Receivables from related parties amounting to NT\$300 million or 10% of the issued capital: Please refer to Note 48 and Table 6 (attached).
 - 9) Sale of nonperforming loans: None.
 - 10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.
 - 11) Other significant transactions which may affect the decisions of financial statement users: None.
 - 12) The information of investees: Please refer to Table 7 (attached).
 - 13) Derivative transactions of the Group: Please refer to Notes 8, 53 and 55 of the consolidated financial statements.
- c. Investments in mainland China: Please refer to Table 11 (attached).
 - d. Business relationships and significant transactions among the Group: Please refer to Table 12 (attached).
 - e. Information of major shareholders: None.

67. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

a. Segment revenues and results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the year ended December 31, 2020						
Interest profit (loss), net	\$ 7,801,712	\$ 2,434,893	\$ 570,269	\$ 56,296,618	\$ (399,539)	\$ 66,703,953
Noninterest profits and gains, net	<u>3,534,800</u>	<u>18,105,217</u>	<u>71,545</u>	<u>139,020,180</u>	<u>(2,645,242)</u>	<u>158,086,500</u>
Net revenue (loss)	11,336,512	20,540,110	641,814	195,316,798	(3,044,781)	224,790,453
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(359,924)	(9,622)	-	4,883	-	(364,663)
Net change in reserve for insurance liabilities	-	-	-	(174,464,035)	-	(174,464,035)
Operating expenses	<u>(6,130,571)</u>	<u>(12,455,652)</u>	<u>(1,837,948)</u>	<u>(5,255,534)</u>	<u>(2,333,657)</u>	<u>(28,013,362)</u>
Net profit (loss) before income tax	4,846,017	8,074,836	(1,196,134)	15,602,112	(5,378,438)	21,948,393
Income tax benefit (expense)	<u>(501,630)</u>	<u>(752,141)</u>	<u>(3,344)</u>	<u>(89,027)</u>	<u>74,035</u>	<u>(1,272,107)</u>
Net profit (loss) for the year	<u>\$ 4,344,387</u>	<u>\$ 7,322,695</u>	<u>\$ (1,199,478)</u>	<u>\$ 15,513,085</u>	<u>\$ (5,304,403)</u>	<u>\$ 20,676,286</u>
For the year ended December 31, 2019						
Interest profit (loss), net	\$ 6,955,421	\$ 1,588,454	\$ 160,972	\$ 55,220,774	\$ (448,091)	\$ 63,477,530
Noninterest profits and gains (losses), net	<u>4,373,687</u>	<u>13,673,359</u>	<u>3,429,396</u>	<u>156,674,448</u>	<u>(2,300,858)</u>	<u>175,850,032</u>
Net revenue (loss)	11,329,108	15,261,813	3,590,368	211,895,222	(2,748,949)	239,327,562
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(365,413)	11,746	-	5,013	675	(347,979)
Net change in reserve for insurance liabilities	-	-	-	(191,941,972)	-	(191,941,972)
Operating expenses	<u>(6,102,201)</u>	<u>(10,639,901)</u>	<u>(1,505,695)</u>	<u>(4,988,360)</u>	<u>(2,235,647)</u>	<u>(25,471,804)</u>
Net profit (loss) before income tax	4,861,494	4,633,658	2,084,673	14,969,903	(4,983,921)	21,565,807
Income tax benefit (expense)	<u>(1,228,194)</u>	<u>(142,562)</u>	<u>(3,096)</u>	<u>(1,003,848)</u>	<u>465,714</u>	<u>(1,911,986)</u>
Net profit (loss) for the year	<u>\$ 3,633,300</u>	<u>\$ 4,491,096</u>	<u>\$ 2,081,577</u>	<u>\$ 13,966,055</u>	<u>\$ (4,518,207)</u>	<u>\$ 19,653,821</u>

b. Geographical information

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
Taiwan	\$ 219,421,795	\$ 234,054,577
Others	<u>5,368,658</u>	<u>5,272,985</u>
	<u>\$ 224,790,453</u>	<u>\$ 239,327,562</u>

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue in 2020 and 2019.

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited	Receivables, net	Yes	\$ 3,706,040	\$ 3,706,040	\$ -	Floating	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 15,298,941 (Note 1)	\$ 15,298,941 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	3,991,120	-	-	Floating	Short-term financing	-	Working capital	-	-	-	15,298,941	
		KGI International (Hong Kong) Limited	Receivables, net	Yes	3,420,960	3,420,960	-	Floating	Short-term financing	-	Working capital	-	-	-	15,298,941	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,425,400	1,425,400	-	Floating	Short-term financing	-	Working capital	-	-	-	15,389,616 (Note 2)	15,389,616 (Note 2)
		PT KGI Sekuritas Indonesia	Receivables, net	Yes	755,462	-	-	Floating	Short-term financing	-	Working capital	-	-	-	15,389,616	
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	456,128	456,128	456,128	Floating	Short-term financing	-	Working capital	-	-	-	6,180,278 (Note 3)	6,180,278 (Note 3)
4	KGI Asia Limited	KGI Limited	Receivables, net	Yes	2,565,720	2,565,720	-	Floating	Short-term financing	-	Working capital	-	-	-	8,981,103 (Note 4)	8,981,103 (Note 4)
		KGI Finance Limited	Receivables, net	Yes	427,620	427,620	-	Floating	Short-term financing	-	Working capital	-	-	-	8,981,103	
		KGI Hong Kong Limited	Receivables, net	Yes	427,620	427,620	-	Floating	Short-term financing	-	Working capital	-	-	-	8,981,103	

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International (Hong Kong) Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: KGI Asia Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

TABLE 2

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities Co., Ltd	KGI Securities (Singapore) Pte. Ltd.	Note 1	\$ 7,186,011	\$ 669,490	\$ 647,400	\$ 647,400	\$ -	0.90%	\$ 28,744,043 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	15,389,616	1,168,828	1,168,828	281,579	-	7.59%	15,389,616 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	15,389,616	3,534,992	3,534,992	-	-	22.97%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	15,389,616	185,302	185,302	-	-	1.20%		No	No	No
		KGI Finance Limited	Note 1	15,389,616	122,584	122,584	-	-	0.80%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	15,389,616	2,135,370	2,135,194	-	-	13.87%		No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	15,389,616	855,240	855,240	-	-	5.56%		No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	15,389,616	3,837,898	3,837,898	2,876,697	-	24.94%		No	No	No

Note 1: The Group has directly or indirectly over 50% voting right of the company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	<u>Stocks</u>							
	Logicom Inc.	-	Financial assets at fair value through profit or loss	3,261,773	\$ 30,925	10.69	\$ 30,925	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,249	10.83	2,249	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	76,786	6.04	76,786	
	Hair O'right International Corp.	-	Financial assets at fair value through profit or loss	1,735,837	118,037	8.53	118,037	
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	2,400,568	51,012	7.97	51,012	
	Ori Vita Bio Application Inc.	-	Financial assets at fair value through profit or loss	858,690	6,055	0.42	6,055	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000,000	33,804	9.91	33,804	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	60,681	13.96	60,681	
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	12,316,000	179,567	4.22	179,567	
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,067,220	12,948	1.95	12,948	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	50,125	8.40	50,125	
	Mec Imex Inc.	-	Financial assets at fair value through profit or loss	4,802,000	54,936	10.52	54,936	
	Yieh United Steel Corp.	-	Financial assets at fair value through profit or loss	5,103,622	41,850	0.19	41,850	
	Hua-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	1,300,403	18,599	6.45	18,599	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	122,820	9.54	122,820	
	Up Sciencetech Materials Corp.	-	Financial assets at fair value through profit or loss	4,651,344	81,232	6.85	81,232	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	7,567,424	101,429	5.64	101,429	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	24,711	6.47	24,711	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,465,107	131,274	1.44	131,274	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	134,332	5.27	134,332	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	19,075	1.38	19,075	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,743,026	65,147	4.38	65,147	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	45,140	4.77	45,140	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,633,241	28,902	5.28	28,902	
	Terawins, Inc.	-	Financial assets at fair value through profit or loss	1,913,996	10,377	6.30	10,377	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through profit or loss	2,408,274	42,490	10.76	42,490	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	20,060	10.43	20,060	
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	31,544	7.95	31,544	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	97,213	4.81	97,213	
	Eden Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	104,699	3.55	104,699	
	Easten Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	125,827	12.00	125,827	
	Chime Biologics Limited	-	Financial assets at fair value through profit or loss	8,382,844	147,495	3.55	147,495	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	162,585	8.02	162,585	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	3,675,000	39,863	0.14	39,863	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	75,645	43.44	75,645	
	Apexigen, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	219,168	12.68	219,168	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	30,000,000	303,058	35.71	303,058	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	5,008,324	28.71	5,008,324	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	42,680,000	373,493	33.80	373,493	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	58,250,000	630,194	33.29	630,194	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	33,190	20.00	33,190	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	493,449	100.00	493,449	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	476,213,353	4,266,544	100.00	4,266,544	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,010,000,000	3,551,015	100.00	3,551,015	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,705,334	100.00	1,705,334	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	5,551,857	100.00	5,551,857	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	6,880,282	100.00	6,880,282	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	249,808	100.00	249,808	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	<u>Fund</u> Samara Capital Partners Fund I Limited	-	Financial assets at fair value through profit or loss	-	\$ 37,588	-	\$ 37,588	
	<u>Government bonds</u> A00109	-	Financial assets at fair value through other comprehensive income	7,000,000	7,056	-	7,056	
	A01105	-	Financial assets at fair value through other comprehensive income	100,000,000	101,325	-	101,325	
CDIB Capital Management Inc.	<u>Stocks</u> ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	10,495	0.58	10,495	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	2,776	1.44	2,776	
	CDIB Capital Innovation Advisors Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	15,024	60.00	15,024	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	1,100,002	9,626	1.00	9,626	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,750,000	18,933	1.00	18,933	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	350,109	100.00	350,109	
	<u>Funds</u> CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	30,443	-	30,443	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	5,083	-	5,083	
	KGI Victory Money Market Securities Investment Trust Fund	Managed by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	-	80,892	-	80,892	
	<u>Stocks</u> CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK\$ 75,654	100.00	HK\$ 75,654	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 7,535	56.00	HK\$ 7,535	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 3,786	27.08	HK\$ 3,786	
CDIB Private Equity (China) Corporation	<u>Stocks</u> CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,299	70.00	CNY 14,299	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 15,190	65.00	CNY 15,190	
CDIB Private Equity (Fujian) Co., Ltd.	<u>Stocks</u> CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,259	20.00	CNY 2,259	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	<u>Stocks</u> CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 6,843	58.34	CNY 6,843	
	<u>Funds</u> Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 2,779	-	CNY 2,779	
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	<u>Funds</u> CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 10,058	-	CNY 10,058	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	<u>Funds</u> CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 5,458	-	CNY 5,458	
CDIB Venture Capital Corporation	<u>Stocks</u> Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	12,892	0.00	12,892	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	4,226	1.24	4,226	
	Hotai Finance Corporation	-	Financial assets at fair value through profit or loss	1,297,000	104,538	0.25	104,538	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	179,361	4.68	179,361	
	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,809,000	68,540	2.43	68,540	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	50,946	1.51	50,946	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,101,000	30,773	2.87	30,773	
	Happyfan7 Co., Ltd.	-	Financial assets at fair value through profit or loss	4,883,316	224,191	13.20	224,191	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital Corporation	<u>Stock</u>							
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	\$ 552,735	0.53	\$ 552,735	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	788,000	136,718	0.60	136,718	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	647,752	6,478	12.78	6,478	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,650,702	169,910	7.80	169,910	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,725,007	105,418	4.14	105,418	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	131,311	8.82	131,311	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,000,000	45,000	2.67	45,000	
	Greatland Electronics Taiwan Ltd.	-	Financial assets at fair value through profit or loss	1,920,000	18,291	5.50	18,291	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	97,213	4.81	97,213	
	Cvie Therapeutics Company Limited	-	Financial assets at fair value through profit or loss	560,000	5,331	4.15	5,331	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	5,568	1.85	5,568	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	27,430	0.93	27,430	
	I-Serve Holding Ltd.	-	Financial assets at fair value through profit or loss	2,232,219	128,959	4.17	128,959	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	92,345	10.23	92,345	
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	198,184	28,984	1.17	28,984	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	5,105,377	55,378	0.19	55,378	
	Happyfan7 Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	833,348	38,259	75.00	38,259	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	83,827	40.74	83,827	
	4Gamers Entertainment Inc. - preferred stock	-	Financial assets at fair value through profit or loss	24,000	15,052	20.00	15,052	
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	8,691	8.20	8,691	
	Citiesocial Holding Cayman Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	479,635	14,254	18.18	14,254	
	Uimbo CV Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,394,145	19,956	10.29	19,956	
	CCMODA Corp. - preferred stock	-	Financial assets at fair value through profit or loss	666,666	6,646	20.00	6,646	
	Asia Parents Holdings Limited	-	Financial assets at fair value through profit or loss	248,889	15,964	14.74	15,964	
	Kneron Holding Corporation - preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	177,749	9.00	177,749	
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	85,524	26.09	85,524	
	Cloud Mile Inc. -preferred stock	-	Financial assets at fair value through profit or loss	502,934	26,453	10.00	26,453	
	Zentera Systems, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	65,778	39.35	65,778	
	FUNP Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	400,000	41,052	20.00	41,052	
	Achieve Made International Limited - preferred stock	-	Financial assets at fair value through profit or loss	168,138	12,544	6.67	12,544	
	Viscovery (Cayman) Holding Company Limited - Preferred stock A	-	Financial assets at fair value through profit or loss	200,000	5,702	10.96	5,702	
	FunNow Ltd. - preferred stock A	-	Financial assets at fair value through profit or loss	185,184	31,822	20.00	31,822	
	4Gamers Entertainment Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	8,727	5,473	4.80	5,473	
	Kkday.com International Company Limited - preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	51,702	8.66	51,702	
	Cloud Mile Inc. -preferred stock B	-	Financial assets at fair value through profit or loss	162,602	8,552	3.41	8,552	
	Traveler Co., Ltd. - Preferred stock B	-	Financial assets at fair value through profit or loss	32,077	22,806	10.85	22,806	
	Kkday.com International Company Limited - preferred stock C	-	Financial assets at fair value through profit or loss	5,708,170	52,192	2.47	52,192	
	Fractyl Laboratories, Inc. - preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	159,645	10.26	159,645	
	Achieve Made International Limited - preferred stock E	-	Financial assets at fair value through profit or loss	336,276	25,087	10.00	25,087	
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000	47,851	38.46	47,851	
	<u>Funds</u>							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	748,257	-	748,257	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	115,307	-	115,307	
	<u>Corporate bond</u>							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	2,000	19,487	-	19,487	
	<u>Convertible (exchange) corporate bond</u>							
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	300,000	8,552	-	8,552	
	CCMODA Corp.	-	Financial assets at fair value through profit or loss	200,000	5,702	-	5,702	
	FunNow Ltd.	-	Financial assets at fair value through profit or loss	400,000	11,403	-	11,403	
CDIB Venture Capital (Hong Kong)	<u>Fund</u>							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 233,064	-	HK\$ 233,064	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 316,197	-	HK\$ 316,197	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital (Hong Kong) Corporation Limited	<u>Fund</u> Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK\$ 97,179	-	HK\$ 97,179	
CDIB Capital Investment I Limited	<u>Stocks</u> Best Inc. Casper Sleep, Inc. K Health, Inc. CCAP Best Logistics Holdings Limited Mestay Cayman Islands Limited - Preferred stock Viking 3 Holdings Corporation - Preferred stock Giddy Inc. - Preferred stock Great Team Backend Foundry Inc. - Preferred stock Rokid Corporation Ltd. - Preferred stock K Health, Inc. - Preferred stock C CDIB X Finance I Holding Limited SCBS I Holding Corporation	- - - - - - - - - - - Subsidiary Subsidiary	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Investments accounted for using the equity method Investments accounted for using the equity method	1,500,000 266,690 4,834 1,000 13,722,047 18,000,000 666,755 1,107,165 615,642 496,376 500 3,578	US\$ 3,060 US\$ 1,640 US\$ 80 US\$ 1,131 US\$ 1,137 US\$ 21,903 US\$ 7,287 US\$ 554 US\$ 5,000 US\$ 8,209 US\$ 448 US\$ 2,974	0.38 2.63 0.03 11.11 3.40 100.00 6.26 1.31 1.51 1.70 100.00 100.00	US\$ 3,060 US\$ 1,640 US\$ 80 US\$ 1,131 US\$ 1,137 US\$ 21,903 US\$ 7,287 US\$ 554 US\$ 5,000 US\$ 8,209 US\$ 448 US\$ 2,974	(Note 5)
	<u>Fund</u> Carlyle Asia Partners II, L. P. KKR Talk Co-invest L.P. CC KDC CO-INVEST L.P. MSD Sports Partners, L.P. BCP QualTek Investor Holdings, L.P. CDIB Capital Global Opportunities Fund L.P. CDIB Capital Asia Partners L.P.	- - - - - Associate Associate	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Investments accounted for using the equity method	- - - - - - -	US\$ 131 US\$ 16,869 US\$ 37,762 US\$ 935 US\$ 10,114 US\$ 9,938 US\$ 83,400	- - - - - - -	US\$ 131 US\$ 16,869 US\$ 37,762 US\$ 935 US\$ 10,114 US\$ 9,938 US\$ 83,400	
	<u>Corporate bond</u> Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd. Weave Co-Living Real Estate Limited	- -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	41,875,000 20,000,000	US\$ 1,822 US\$ 20,383	- -	US\$ 1,822 US\$ 20,383	
	<u>Convertible (exchange) corporate bond</u> Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US\$ 1,000	-	US\$ 1,000	
SCBS I Holding Corporation	<u>Stocks</u> Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US\$ 2,876	2.91	US\$ 2,876	
CDIB Capital Investment II Limited	<u>Stocks</u> Great Rich Technologies Limited Techmate Korea Daebu Co., Ltd. Indostar Capital NY 4 Holdings Corporation-Preferred Stock Indostar Everstone - preferred stock	- - - - -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	1,660,000 45,600 631,701 8,080,000 860,332	US\$ 1,308 US\$ 2,896 US\$ 8,711 US\$ 8,080 US\$ 11,808	2.46 10.00 2.88 100.00 8.12	US\$ 1,308 US\$ 2,896 US\$ 8,711 US\$ 8,080 US\$ 11,808	
	<u>Corporate bond</u> Techmate Korea Daebu Co., Ltd.	-	Debt investments measured at amortized cost	22,497,515,793	US\$ 19,997	-	US\$ 21,239	
CDIB Global Markets Limited	<u>Stocks</u> BigCommerce Holdings, Inc. Flemingo International (BVI) Ltd. -preferred stock Osaro, Inc. - preferred stock B	- - -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	24,170 1,048 510,958	US\$ 1,551 US\$ 9,990 US\$ 3,000	0.04 50.19 100.00	US\$ 1,551 US\$ 9,990 US\$ 3,000	
	<u>Fund</u> Huaxing Capital Partners II LP CX Partners Fund Alpha Limited Carlyle Asia Partners III, L.P. Riverwood Capital Partners L.P. ECP II (Cayman) Ltd. A KKR Asian Fund II L.P. Carlyle Asia Partners IV, L.P. Carlyle Giovanna Partners, L.P.	- - - - - - - - -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	- - - - - - - - -	US\$ 9,751 US\$ 2,918 US\$ 933 US\$ 3,892 US\$ 4,505 US\$ 6,238 US\$ 16,730 US\$ 79	- - - - - - - -	US\$ 9,751 US\$ 2,918 US\$ 933 US\$ 3,892 US\$ 4,505 US\$ 6,238 US\$ 16,730 US\$ 79	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Global Markets Limited	<u>Fund</u>							
	Tenaya Capital V, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 2,085	-	US\$ 2,085	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 667	-	US\$ 667	
	Industry Ventures Fund VI, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 1,011	-	US\$ 1,011	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 3,578	-	US\$ 3,578	
	Tenaya Capital VI, LP	-	Financial assets at fair value through profit or loss	-	US\$ 6,831	-	US\$ 6,831	
	Formation8 Partners Fund I, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 8,521	-	US\$ 8,521	
	Blue Point Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 4,356	-	US\$ 4,356	
	Riverwood Capital Partners II L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 25,552	-	US\$ 25,552	
CDIB Capital International Corporation	<u>THL Equity Fund VI Investors (Ceridian) VI, L.P.</u>	-	Financial assets at fair value through profit or loss	-	US\$ 1	-	US\$ 1	
	<u>Stocks</u>							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US\$ 5,492	100.00	US\$ 5,492	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	557,678	US\$ 1,404	100.00	US\$ 1,404	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	100	US\$ 2,906	100.00	US\$ 2,906	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	8,000,000	US\$ 41	100.00	US\$ 41	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US\$ -	100.00	US\$ -	(Note 6)
	CDIB Buyout Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US\$ -	100.00	US\$ -	(Note 7)
China Development Asset Management Corp.	<u>Stocks</u>							
	Waterland Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	8,570,388	80,361	1.07	80,361	
	Victor Taichung Machinery Works Co., Ltd.	-	Financial assets at fair value through profit or loss	94,266	127	0.05	127	
	Chinfon Commercial Bank	-	Financial assets at fair value through profit or loss	5,026,269	-	0.86	-	
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	6,344	12.25	6,344	
CDIB Management Consulting Corp.	<u>Stocks</u>							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	652,393	76.04	652,393	
CDC Finance & Leasing Corp.	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	115,331	100.00	115,331	
	<u>Stocks</u>							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	61	19.00	61	
Richpoint Company Limited	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income	546,231	-	0.07	-	
	<u>Stocks</u>							
	Dragon Investment Fund I Co., Ltd.	-	Financial assets at fair value through profit or loss	612,519	US\$ 58	6.48	US\$ 58	
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US\$ 550,344	100.00	US\$ 550,344	
KGI Venture Capital Co., Ltd.	KG Investment Advisory (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	US\$ 794	100.00	US\$ 794	
	<u>Stocks</u>							
	WinWay Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	200,000	81,200	0.65	81,200	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	50,000	6,900	0.10	6,900	
	Drewloong Precision, Inc.	-	Financial assets at fair value through profit or loss	75,000	6,113	0.21	6,113	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	300,000	14,850	1.12	14,850	
	Deluxe Technology Group.	-	Financial assets at fair value through profit or loss	596,364	6,298	0.86	6,298	
	San Neng Group Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	95,000	3,715	0.16	3,715	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	206,335	21,024	0.62	21,024	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	419,865	1,450	2.49	1,450	
	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss	190,665	10,016	0.27	10,016	
	Wiltrom Co., Ltd.	-	Financial assets at fair value through profit or loss	329,000	13,423	1.25	13,423	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	14,935	4.02	14,935	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	650,000	37,700	3.10	37,700	
	Allied Supreme Corporation	-	Financial assets at fair value through profit or loss	430,000	58,777	0.63	58,777	
	Chen Feng Optronics Corporation	-	Financial assets at fair value through profit or loss	1,637,171	26,260	2.56	26,260	
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	899,000	50,614	4.50	50,614	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	10,650	1.22	10,650	
	Welltech Energy Inc.	-	Financial assets at fair value through profit or loss	2,222,000	29,997	5.86	29,997	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
KGI Venture Capital Co., Ltd.	<u>Stocks</u> AMPAK Technology Inc. Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	1,000,000	\$ 67,800	1.66	\$ 67,800	
			Financial assets at fair value through profit or loss	580,000	146,740	2.74	146,740	
KGI Information Technology Co., Ltd.	<u>Fund</u> KGI Victory Money Market Securities Investment Trust Fund	Managed by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	-	20,234	-	20,234	

Note 1: The Group recognized the related income or loss of investees as required by regulations.

Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.

Note 3: No securities were treated as collaterals or warrants.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

Note 5: CDIB X Finance I Holding Limited conducted registration establishment on September 2, 2020.

Note 6: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2020.

Note 7: CDIB Buyout Partners Limited conducted registration establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2020.

(Concluded)

TABLE 4

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
 (THE BANK'S SUBSIDIARIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars/Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
KGI Bank	<u>Stocks</u> Next Bank	Financial assets at fair value through other comprehensive income	-	-	-	\$ -	70,000,000	\$ 700,000 (Note 1)	-	\$ -	\$ -	\$ -	70,000,000	\$ 700,000 (Note 1)
CDIB Capital Group	<u>Funds</u> THL Equity Fund VI Investors (Cerdian), L.P.	Financial assets at fair value through profit or loss	-	-	-	60,650 (Note 1)	-	-	-	357,921	60,650 (Note 1)	297,271	-	-
CDIB Capital Investment I Limited	<u>Corporate bonds</u> Weave Co-Living Real Estate Limited	Financial assets at fair value through profit or loss	-	-	-	US\$ -	20,000,000	US\$ 20,000 (Note 1)	-	-	-	-	20,000,000	US\$ 20,000 (Note 1)
CDIB Capital Investment II Limited	<u>Corporate bonds</u> Techmate Korea Daebu Co., Ltd.	Debt investment measured at amortized cost	-	-	-	US\$ -	22,497,515,793	US\$ 19,997 (Note 2)	-	-	-	-	22,497,515,793	US\$ 19,997

Note 1: Initial acquisition cost.

Note 2: Consists of cost of purchase US\$18,618 thousand, interests of pre-owner of initial acquisition (US\$140 thousand), adjustment of amortization of discount US\$153 thousand, exchange gain US\$1,836 thousand and accumulated impairment loss US\$470 thousand.

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer	Property	Event Date (Note 2)	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
China Life Insurance Co., Ltd.	73, 5, 12F., No. 65, 67, 69, 71, 73, Jingguo 1st Rd., Taoyuan Dist., Taoyuan City 4, 7F., No. 65, 67, 71, 73, Jingguo 1st Rd., Taoyuan Dist., Taoyuan City 70 parking spaces located on Jingguo 1st Rd., Taoyuan Dist., Taoyuan City	2020.08.20	\$ 852,666	Payments according to contracts	Land: Zhongmao Asset Development Co., Ltd. and Ms. Hong Building: Zhenfu Asset Investment, Ltd.	Non-related party	-	-	-	\$ -	Valuation report of appraisers (Note 1)	For business use	None

Note 1: The transaction amount is the total contract price.

TABLE 6**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	CDIB Capital Group	Subsidiary	\$ 1,500,000	-	\$ -	-	\$ 1,500,000	\$ -
	CDIB Capital Group	Subsidiary	519,807 (Note 1)	-	-	-	-	-
	KGI Bank	Subsidiary	644,352 (Note 1)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	1,199,385 (Note 1)	-	-	-	-	-
China Life Insurance Co., Ltd.	KGI Bank	Subsidiary of the parent company	2,045,386	-	-	-	2,045,386	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	456,951	-	-	-	823	-
KGI Asia Limited	KGI International (Hong Kong) Limited	Subsidiary of the parent company	663,163	-	-	-	663,163	-
KGI Securities (Singapore) Pte. Ltd	KGI Securities (Thailand) Public Company Limited	Subsidiary of the parent company	546,996	-	-	-	546,996	-

Note 1: Tax receivable result from linked-tax system.

Note 2: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Year	Carrying Value, End of Year (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Total		
									Shares	Percentage of Ownership	
The Corporation	CDIB Capital Group	Taipei City, Taiwan	Venture capital	100.00	\$ 34,769,284	\$ (1,055,416)	2,041,115,913	-	2,041,115,913	100.00	
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	67,593,486	8,291,769	3,436,339,736	-	3,436,339,736	100.00	
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	68,397,214	4,093,011	4,606,162,291	-	4,606,162,291	100.00	
	China Development Asset Management Corp.	Taipei City, Taiwan	Trading and management of nonperforming loans of financial institution	100.00	1,457,440	123,658	113,360,000	-	113,360,000	100.00	
	China Life Insurance	Taipei City, Taiwan	Financial insurance	26.16	51,681,255	3,204,358	1,649,652,743	-	1,649,652,743	34.87	

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

- Note 2:
- The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.
 - The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.
 - The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS 9, for example, stock option.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

Consolidated entities

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	(Note 1)
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	26.17	26.17	
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	(Note 2)
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	-	
	CDIB Global Markets Limited	Investment	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	(Note 3) (Note 4)
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	-	
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	-	
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	(Note 5)
	CDIB X Finance I Holding Limited	Private equity advisory service	100.00	-	
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	-	100.00	(Note 2)
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd. CDIB Private Equity (Fujian) Co., Ltd.	Fund management Fund management	65.00 70.00	65.00 70.00	(Notes 6 and 7)
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited KGI Securities Investment Advisory Co., Ltd. KGI Insurance Brokers Co., Ltd. KGI Venture Capital Co., Ltd. KGI Securities Investment Trust Co., Ltd. KGI Futures Co., Ltd. Global Corporation	Investment holdings Security investment consulting Life/property insurance brokers Venture fund Nominee services, discretionary investment services Futures investment services Investment consulting, management consulting	100.00 100.00 100.00 100.00 100.00 99.61 -	100.00 100.00 100.00 100.00 100.00 99.61 22.07	
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited KGI Investment Advisory (Shanghai) Co., Ltd.	Investment holdings Investment and consulting service	100.00 100.00	100.00 100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	
KGI International Holdings Limited	KGI Limited Supersonic Services Inc. KGI International Limited Bauhinia 88 Ltd.	Investment holdings Investment holdings Investment holdings Investment holdings	100.00 - 100.00 -	100.00 100.00 100.00 100.00	
KGI Limited	KGI Futures (Hong Kong) Limited Global Treasure Investments Limited KGI Investments Management Limited KGI International Finance Limited KGI Hong Kong Limited KGI Asia Limited KGI Capital Asia Limited KGI Asset Management Limited KGI Nominees (Hong Kong) Limited	Futures brokerage and settlement services Investment services Insurance brokerage Investment and financing services Management and consulting Securities investment Securities investment Asset management Trust agent	100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00	100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00	
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	-	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd. KGI Capital (Singapore) Pte. Ltd.	Investment holdings Futures investment services	100.00 -	100.00 100.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	-	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	

Note 1: The Corporation and the subsidiary, KGI Securities Co., Ltd., jointly held 34.82% of shares of China Life Insurance Co., Ltd. on December 31, 2020 and 2019, respectively.

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

Note 3: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2020.

Note 4: CDIB Buyout Partners Limited conducted registration of establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2020.

Note 5: CDIB X Finance I Holding Limited conducted registration of establishment on September 2, 2020.

Note 6: KGI Securities Co., Ltd. obtained more than half of the seats in the board of director, therefore, Global Corporation Ltd. should be included in the consolidated financial statements.

Note 7: The former Global Securities Finance Corporation held the shareholder's meeting on November 29, 2019 to resolve termination of being securities finance enterprises, ceasing its status as a public company and changed its name to Global Corporation Ltd. It was approved by the authorities on the December 13, 2019 and the change of company registration was completed on December 25, 2019. On June 5, 2020, the shareholder's meeting resolved to institute a process of liquidation on July 1, 2020. KGI Securities Co., Ltd loss control of Global Corporation Ltd from the liquidation date.

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE

DECEMBER 31, 2020

(In Millions of New Taiwan Dollars; %)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Ministry of Finance, R.O.C.	\$ 213,359	105.25
TSMC	41,315	20.38
AT&T Inc	33,088	16.32
Emirates NBD Bank PJSC	30,145	14.87
CITIGROUP INC	29,348	14.48
QNB FINANCE LTD	28,193	13.91
Verizon Communications Inc	27,347	13.49
BNP-PARIBAS SA	27,225	13.43
UNITED MEXICAN STATES	26,852	13.25
BANK OF AMERICA CORP	26,479	13.06
Capital Investment Trust Corporation	26,394	13.02
Saudi Arabian Oil Company	23,287	11.49
Taipower Corporation	22,854	11.27
Comcast Corporation	22,792	11.24
Kingdom of Saudi Arabia	22,694	11.19
JPMORGAN CHASE & CO	22,445	11.07
NOMURA INTL FUNDING PTE	21,554	10.63
EDF	20,935	10.33
WELLS FARGO & COMPANY	20,158	9.94
BANK OF NOVA SCOTIA	19,385	9.56
STANDARD CHARTERED PLC	19,027	9.39
Cathay Securities Investment Trust	18,958	9.35
Barclays Plc	18,512	9.13
Comision Federal de Electricidad	18,463	9.11
TRANSCANADA PIPELINES	18,275	9.01
GOLDMAN SACHS GROUP INC.	17,921	8.84
Malayan Banking Bhd	17,860	8.81
Anheuser-Busch Inbev Worldwide Inc.	17,408	8.59
ADCB Finance (Cayman) Limited	17,120	8.45
Natixis S.A.	17,112	8.44
The National Copper Corporation of Chile	16,497	8.14
FIRST ABU DHABI BANK PJSC	16,270	8.03

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Republic of Indonesia	\$ 16,000	7.89
ROYAL BANK OF CANADA	15,839	7.81
KG Investment Holdings Ltd	15,645	7.72
Tencent Holdings Ltd	15,461	7.63
RUSSIAN FEDERATION	14,759	7.28
RAYTHEON TECH CORP	14,337	7.07
HSBC HOLDINGS PLC	14,186	7.00
COOPERATIEVE RABOBANK UA	14,068	6.94
ORACLE CORP	13,889	6.85
Intel Corp.	12,901	6.36
MUFG BANK, LTD.	12,894	6.36
E.SUN Commercial Bank, Ltd.	12,714	6.27
CCB Life Insurance Co., Ltd.	12,121	5.98
Alibaba Group Holding Limited	11,633	5.74
DEUTSCHE BANK AG, SINGAPORE	11,449	5.65
SOCIETE GENERALE	11,198	5.52
KGI Securities Investment Trust Co., Ltd.	11,109	5.48
NATIONAL AUSTRALIA BANK LIMITED	10,978	5.41
Fuh Hwa Securities Investment Trust Co., Ltd.	10,823	5.34
Anheuser-Busch Inbev Finance Inc	10,811	5.33
Fubon Asset Management Co., Ltd.	10,720	5.29
Credit Suisse Group AG	10,560	5.21
Southern Copper Corporation	10,354	5.11
KOMMUNALBANKEN AS	9,978	4.92
MEGA FINANCIAL HOLDING COMPANY LIMITED	9,926	4.90
Petronas Capital Limited	9,869	4.87
MDGH - GMTN BV	9,803	4.84
COMMONWEALTH BANK	9,797	4.83
Lloyds Banking Group PLC	9,701	4.79
Cathay Financial Holdings Co., Ltd.	9,678	4.77
VIACOMCBS INC	9,617	4.74
BPCE SA	9,530	4.70
Nan Ya Plastics Corporation	9,522	4.70
Taiwan Cement Corp.	9,467	4.67
MORGAN STANLEY	9,343	4.61
CVS Health Corp	9,299	4.59
Walt Disney Co	8,832	4.36
The Export-Import Bank of the Republic of China	8,590	4.24
Hon Hai Precision Industry Co., Ltd.	8,419	4.15
FORMOSA PLASTICS CORPORATION	8,405	4.15
Industrial and Commercial Bank of China Limited	8,314	4.10
Yuanta Securities Investment Trust Co., Ltd.	8,300	4.09
China Development Bank	8,135	4.01
CTBC Financial Holding Co., Ltd.	7,993	3.94
BARCLAYS BANK PLC	7,971	3.93
ISHARES JP MORGAN USD EMERGI	7,811	3.85

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
PT Pertamina (Persero)	\$ 7,790	3.84
US TREASURY N/B	7,787	3.84
CHINA DEVELOPMENT BANK CORPORATION, HONG KONG	7,590	3.74
HSBC BANK PLC	7,576	3.74
WESTPAC BANKING CORPORATION	7,530	3.71
CTBC Bank Co., Ltd.	7,504	3.70
FANNIE MAE	7,268	3.58
AXA SA	7,124	3.51
Cathay Life Insurance Co., Ltd.	7,096	3.50
FED REPUBLIC OF BRAZIL	7,083	3.49
PCA Life Assurance Co., Ltd.	7,001	3.45
State of Qatar	6,992	3.45
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	6,985	3.45
CREDIT AGRICOLE SA	6,857	3.38
Taishin Financial Holding Co., Ltd.	6,844	3.38
MORGAN STANLEY FIN LLC	6,842	3.37
RELIANCE INDUSTRIES LIMITED	6,737	3.32
ASIA CEMENT CORPORATION	6,538	3.23
Fubon Financial Holding Co., Ltd.	6,498	3.21
Deutsche Bank	6,250	3.08
ISHARES IBOXX INVESTMENT GRA	6,238	3.08
MANULIFE FINANCIAL CORP	6,223	3.07
GRUPO TELEVISIA SAB	6,134	3.03
PIMCO INVESTMENT MANAGEMENT	6,129	3.02
FREDDIE MAC	5,875	2.90
CDIB & PARTNERS INVESTMENT HOLDING CORPORATION	5,872	2.90
Cathay United Bank Company Limited	5,867	2.89
FORMOSA CHEMICALS and FIBRE Corp.	5,721	2.82
M&G Lux Investment Funds 1	5,702	2.81
Taishin International Bank Co., Ltd.	5,694	2.81
TAKEDA PHARMACEUTICAL	5,688	2.81
LLOYDS BANK PLC	5,565	2.74
LANDESBANK BADEN-WUERTTEMBERG	5,408	2.67
Perusahaan Listrik Negara PT	5,364	2.65
ING Groep NV	5,154	2.54
ABERDEEN STANDARD INVEST LIMITED	5,131	2.53
CITIC Limited	5,011	2.47
Swiss Re Finance (Luxembourg) S.A.	5,000	2.47
Telefonica Emisiones SAU	4,739	2.34
HSBC Bank (Taiwan) Limited	4,717	2.33
Mega International Commercial Bank Co., Ltd.	4,613	2.28
STANDARD LIFE ABERDEEN	4,557	2.25
Qualcomm Inc.	4,528	2.23
Blackstone Holdings Finance Co. L.L.C.	4,525	2.23
HUA NAN COMMERCIAL BANK, LTD	4,480	2.21
Powertech Technology Inc.	4,474	2.21

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
ISHARES IBOXX HIGH YLD CORP	\$ 4,474	2.21
First Financial Holding Co., Ltd.	4,393	2.17
PHOENIX LEAD LTD	4,279	2.11
CPC Corporation, Taiwan	4,254	2.10
CNOOC FINANCE 2012 LTD	4,251	2.10
China Cinda Finance (2017) III Limited	4,249	2.10
DBS Bank Ltd.	4,208	2.08
KGI Futures Co., Ltd.	4,101	2.02
Hong Pu Real Estate Development Co., LTD	4,100	2.02
CTCI Development Corp.	3,963	1.95
Chang Hwa Commercial Bank, Ltd.	3,793	1.87
COMMERZBANK AG	3,755	1.85
Far Eastern New Century Corporation	3,738	1.84
CREDIT SUISSE LONDON BRANCH (GFX)	3,708	1.83
Bank of Montreal	3,706	1.83
AIA Group Ltd	3,642	1.80
HUARONG FINANCE 2017 CO LTD	3,632	1.79
ENTERPRISE PRODUCTS OPER	3,623	1.79
Nan Shan Life Insurance Company, Ltd.	3,597	1.77
SinoPac Financial Holdings Company Limited	3,575	1.76
TCB Money Market Fund	3,400	1.68
OVPH LTD	3,375	1.66
Wanbao Development Co., Ltd.	3,312	1.63
CDIB Capital Asia Partners L.P.	3,253	1.60
Agricultural Bank of China Limited	3,240	1.60
Fubon Life Insurance Co., Ltd.	3,227	1.59
CHINA CONSTRUCTION BANK CORPORATION, HONG KONG	3,145	1.55
Yuanta Securities Co., Ltd.	3,109	1.53
CHINA GOVERNMENT BOND	3,105	1.53
The Export-Import Bank of China	3,073	1.52
CRED SUIS GP FUN LTD	3,068	1.51
Total	\$ 1,816,672	896.08
2. The same group		
TSMC Group	\$ 41,325	20.38
Lin Yuan Group	31,132	15.36
CITI Group	30,168	14.88
AB InBev Group	29,378	14.49
BNP Paribas Group	27,774	13.70
HSBC Group	27,763	13.69
Bank of America Group	27,394	13.51
BPCE Group	26,642	13.14
Barclays Bank Group	26,484	13.06
Saudi Arabian Oil Cor. Group	25,383	12.52
COMCAST Group	24,874	12.27
JPMorgan Chase Group	23,538	11.61
Nomura Group	21,845	10.78
Wells Fargo Bank Group	20,163	9.95

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
ScotiaBank Group	\$ 19,385	9.56
Standard Chartered Group	19,027	9.39
Fubon Group	18,364	9.06
Goldman Sachs Group	18,006	8.88
Deutsche Bank Group	17,699	8.73
CTBC Group	17,643	8.70
Credit Suisse Group	17,337	8.55
Royal Bank of Canada Group	16,845	8.31
Far Eastern Group	16,667	8.22
Mega Financial Holding Group	16,488	8.13
FAB Group	16,270	8.03
Morgan Stanle Group	16,185	7.98
Foxconn Technology Group	15,829	7.81
China Development Bank Group	15,725	7.76
Tencent Group	15,461	7.63
LLOYDSBK Group	15,265	7.53
Taishin Group	14,495	7.15
E.SUN Financial Holding Group	14,456	7.13
ICBC Group	14,134	6.97
Mitsubishi UFJ Financial Group	12,894	6.36
Formosa Plastic Group	12,030	5.93
Alibaba Group	11,633	5.74
Societe Generale Group	11,198	5.52
National Australia Bank Group	10,978	5.41
YFY Group	10,518	5.19
Ruentex Group	10,394	5.13
CK Hutchison Group	9,914	4.89
Westpac Banking Group	9,814	4.84
Commonwealth Bank of Australia Group	9,797	4.83
Nanya Plastics Group	9,765	4.82
Standard Life Aberdeen Group	9,688	4.78
Taiwan Cement Group	9,513	4.69
Sinopec Group	9,290	4.58
CNOOC Group	8,850	4.37
First Financial Holding Group	8,170	4.03
Gateway Real Estate Fund Group	7,939	3.92
Crédit Agricole Group	7,867	3.88
Bank of China Group	7,268	3.59
AUSTRALIA AND NEW ZEALAND BANKING GROUP	6,985	3.45
RELIANCE INDUSTRIES LIMITED Group	6,737	3.32
DBS Group	6,606	3.26
Swiss Re-insurance Company Group	6,295	3.11
CITIC Group	5,964	2.94
Formosa Chemicals and Fiber Group	5,721	2.82
Walsin Group	5,616	2.77
Chailease Group	5,615	2.77

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
China Cinda Group	\$ 5,389	2.66
Yulon Group	5,292	2.61
ING Group	5,154	2.54
Yuanta Group	5,107	2.52
ASE Group	5,012	2.47
Shin Kong Group	4,887	2.41
CTCI Group	4,744	2.34
Lien Hwa Group	4,675	2.31
Hua Nan Group	4,591	2.26
Bank of Communications Group	4,584	2.26
Powertech Technology Group	4,474	2.21
China Construction Bank Group	4,448	2.19
China Steel Group	4,272	2.11
Uni President Group	4,201	2.07
Charoen Pokphand Group	4,109	2.03
Chang Hwa Commercial Bank Group	3,793	1.87
UMC Group	3,763	1.86
COMMERZBANK Group	3,755	1.85
China Huarong Group	3,632	1.79
Sinochem Group	3,577	1.76
Evergreen Group	3,567	1.76
YAGEO Group	3,559	1.76
Taiwan Cooperative Group	3,543	1.75
WPG Holdings Group	3,398	1.68
Agricultural Bank of China Group	3,240	1.60
AU Optronics Group	3,189	1.57
Qsan Technology Group	3,177	1.57
The Export-Import Bank of China Group	3,073	1.52
World Bank Group	3,044	1.50
Total	\$ 1,055,452	520.60

(Concluded)

TABLE 10

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

The Corporation

1. Balance sheets

	(In Thousands of New Taiwan Dollars)	
	December 31	
Assets	2020	2019
Cash and cash equivalents	\$ 14,873,993	\$ 2,914,480
Receivables, net	1,568,478	49,216
Current tax assets	2,612,264	2,013,945
Investments accounted for using the equity method, net	223,898,679	214,485,554
Other financial assets	300	300
Right-of-use assets, net	22,160	6,285
Property and equipment, net	57,526	45,078
Other assets, net	70,357	37,747
Total	<u>\$ 243,103,757</u>	<u>\$ 219,552,605</u>
Liabilities and Equity		
<u>Liabilities</u>		
Commercial paper payable, net	\$ 5,449,715	\$ 3,849,741
Payables	1,167,545	937,194
Current tax liabilities	1,411,995	418,779
Bonds payable	29,000,000	23,000,000
Other borrowings	3,299,531	3,799,796
Provisions	14,440	12,807
Lease liabilities	21,770	6,555
Other liabilities	2,653	2,605
Total liabilities	<u>40,367,649</u>	<u>32,027,477</u>
<u>Equity</u>		
Capital		
Common stock	149,729,414	149,663,721
Advance receipts for capital stock	3,298	20,359
Capital surplus	1,627,728	1,093,745
Retained earnings		
Legal reserve	8,816,167	7,561,404
Special reserve	565,041	10,797,899
Unappropriated earnings	24,809,292	12,617,375
Other		
Exchange differences on translation of financial statements of foreign operations	(3,814,286)	(1,790,483)
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	5,091,841	1,556,416
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	15,929,018	7,794,213
Other comprehensive income (loss) reclassified using the overlay approach	1,157,242	1,347,757
Treasury shares	<u>(1,178,647)</u>	<u>(3,137,278)</u>
Total equity	<u>202,736,108</u>	<u>187,525,128</u>
Total	<u>\$ 243,103,757</u>	<u>\$ 219,552,605</u>

(Continued)

2. Statements of comprehensive income

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

	For the Year Ended December 31	
	2020	2019
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	\$ 14,727,565	\$ 14,177,282
Others	<u>44,581</u>	<u>54,167</u>
Total revenues	<u>14,772,146</u>	<u>14,231,449</u>
EXPENSES AND LOSSES		
Operating expenses	(1,329,390)	(1,200,044)
Others	<u>(384,293)</u>	<u>(411,211)</u>
Total expenses and losses	<u>(1,713,683)</u>	<u>(1,611,255)</u>
NET PROFIT BEFORE INCOME TAX	13,058,463	12,620,194
INCOME TAX BENEFIT (EXPENSE)	<u>(403,186)</u>	<u>175,496</u>
NET PROFIT FOR THE YEAR	<u>12,655,277</u>	<u>12,795,690</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Remeasurement of defined benefit plans	(4,318)	(6,997)
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures	3,290,865	1,424,792
Income tax relating to the items that will not be reclassified subsequently to profit or loss	(203,642)	(31,852)
Items that will be reclassified subsequently to profit or loss, net of income tax		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	6,962,549	20,666,457
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>(1,042,063)</u>	<u>(2,840,730)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>9,003,391</u>	<u>19,211,670</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 21,658,668</u>	<u>\$ 32,007,360</u>
BASIC EARNINGS PER SHARE	<u>\$0.87</u>	<u>\$0.88</u>
DILUTED EARNINGS PER SHARE	<u>\$0.87</u>	<u>\$0.88</u>

(Continued)

3. Statements of changes in equity

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

							Other Equity						Total Equity
	Capital			Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income on Reclassification Using the Overlay Approach	Others	Treasury Shares		
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2019	\$ 149,622,812	\$ 10,748	\$ 1,630,992	\$ 6,776,135	\$ 565,041	\$ 14,754,530	\$ (930,286)	\$ (5,138,562)	\$ (4,451,944)	\$ (1,339)	\$ (3,605,444)	\$ 159,232,683	
Appropriation of 2018 earnings													
Legal reserve	-	-	-	785,269	-	(785,269)	-	-	-	-	-	-	
Special reserve	-	-	-	-	10,232,858	(10,232,858)	-	-	-	-	-	-	
Cash dividends - NT\$0.245 per share	-	-	-	-	-	(3,666,666)	-	-	-	-	-	(3,666,666)	
	-	-	-	785,269	10,232,858	(14,684,793)	-	-	-	-	-	(3,666,666)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(362)	-	-	-	-	-	-	-	-	(362)	
Issuance of cash dividends from capital surplus	-	-	(823,129)	-	-	-	-	-	-	-	-	(823,129)	
Other change in capital surplus	-	-	54,273	-	-	-	-	-	-	-	-	54,273	
Net profit for the year ended December 31, 2019	-	-	-	-	-	12,795,690	-	-	-	-	-	12,795,690	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(121,894)	(860,174)	14,388,715	5,805,023	-	-	19,211,670	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	12,673,796	(860,174)	14,388,715	5,805,023	-	-	32,007,360	
Disposal of the Corporation shares, as treasury shares	-	-	177,897	-	-	-	-	-	-	-	460,867	638,764	
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	123,668	-	-	-	-	-	-	-	-	123,668	
Changes in percentage of ownership interests in subsidiaries	-	-	(67,610)	-	-	(996)	(23)	(11,727)	(5,322)	-	7,299	(78,379)	
Share-based payments	40,909	9,611	(1,984)	-	-	(9,671)	-	-	-	1,339	-	40,204	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(112,203)	-	112,203	-	-	-	-	
Changes in special reserve of subsidiaries	-	-	-	-	-	(3,288)	-	-	-	-	-	(3,288)	
BALANCE AT DECEMBER 31, 2019	149,663,721	20,359	1,093,745	7,561,404	10,797,899	12,617,375	(1,790,483)	9,350,629	1,347,757	-	(3,137,278)	187,525,128	
Appropriation of 2019 earnings													
Legal reserve	-	-	-	1,254,763	-	(1,254,763)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	-	(10,232,858)	10,232,858	-	-	-	-	-	-	
Cash dividends - NT\$0.6 per share	-	-	-	-	-	(8,982,659)	-	-	-	-	-	(8,982,659)	
	-	-	-	1,254,763	(10,232,858)	(4,564)	-	-	-	-	-	(8,982,659)	
Net profit for the year ended December 31, 2020	-	-	-	-	-	12,655,277	-	-	-	-	-	12,655,277	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(206,043)	(2,023,803)	11,423,752	(190,515)	-	-	9,003,391	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	12,449,234	(2,023,803)	11,423,752	(190,515)	-	-	21,658,668	
Disposal of the Corporation shares, as treasury shares	-	-	318,648	-	-	-	-	-	-	-	1,958,631	2,277,279	
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	221,591	-	-	-	-	-	-	-	-	221,591	
Share-based payments	65,693	(17,061)	(6,256)	-	-	(7,771)	-	-	-	-	-	34,605	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(246,478)	-	246,478	-	-	-	-	
Changes in special reserve of subsidiaries	-	-	-	-	-	1,496	-	-	-	-	-	1,496	
BALANCE AT DECEMBER 31, 2020	\$ 149,729,414	\$ 3,298	\$ 1,627,728	\$ 8,816,167	\$ 565,041	\$ 24,809,292	\$ (3,814,286)	\$ 21,020,859	\$ 1,157,242	\$ -	\$ (1,178,647)	\$ 202,736,108	

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 13,058,463	\$ 12,620,194
Adjustments for:		
Depreciation and amortization expenses	18,794	7,886
Gain on financial assets at fair value through profit or loss, net	-	(23,588)
Interest expense	367,493	395,931
Interest income	(37,663)	(25,154)
Share-based payment compensation cost	-	1,433
Share of loss of subsidiaries, associates and joint ventures	(14,657,380)	(14,128,202)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	495,353
Receivables	(13,802)	1,780
Other financial assets	-	500,000
Other assets	(17,617)	(11,331)
Payables	255,016	207,761
Other liabilities	(2,637)	(1,386)
Interest paid	(390,758)	(383,148)
Interest received	32,203	26,504
Dividend received	12,252,346	5,466,966
Income tax paid	<u>(8,288)</u>	<u>(669,433)</u>
Net cash generated from operating activities	<u>10,856,170</u>	<u>4,481,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equity investment under equity method	-	(3,112,710)
Proceeds from capital reduction of investments accounted for using equity method	1,000,000	-
Acquisition of property and equipment	(28,352)	(21,025)
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	2,000,000	3,000,000
Others	<u>(12,838)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>2,958,810</u>	<u>(133,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	1,599,974	(6,049,234)
Issuance of corporate bonds	14,000,000	5,000,000
Repayments of corporate bonds	(8,000,000)	(1,000,000)
Proceeds from (repayments of) other borrowings	(500,265)	499,845
Cash dividend paid	(8,982,659)	(4,489,795)
Others	<u>27,483</u>	<u>35,407</u>
Net cash used in financing activities	<u>(1,855,467)</u>	<u>(6,003,777)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,959,513	(1,655,946)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,914,480</u>	<u>4,570,426</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 14,873,993</u>	<u>\$ 2,914,480</u>

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2020	2019
Cash and cash equivalents, due from the Central Bank and call loans to banks	\$ 41,562,162	\$ 36,394,030
Financial assets at fair value through profit or loss	71,917,709	78,108,576
Financial assets at fair value through other comprehensive income	201,829,447	135,245,604
Debt instruments measured at amortized cost	11,526,785	11,136,022
Financial assets for hedging	102,479	-
Securities purchased under resell agreements	30,168,313	18,686,598
Receivables, net	26,314,761	17,457,148
Discounts and loans, net	374,887,143	342,501,981
Investments accounted for using the equity method, net	1,729,629	1,744,809
Other financial assets, net	1,095,475	1,983,930
Property and equipment, net	5,103,634	5,334,376
Right-of-use assets, net	1,746,314	2,194,830
Investment property, net	1,279,682	1,102,245
Deferred tax assets	1,041,969	1,348,260
Other assets, net	10,192,276	9,142,730
Total assets	<u>\$ 780,497,778</u>	<u>\$ 662,381,139</u>
Deposits from the Central Bank and banks	\$ 11,426,738	\$ 22,965,260
Funds from the Central Bank and financial institutions	76,030	-
Financial liabilities at fair value through profit or loss	71,033,649	76,747,276
Financial liabilities for hedging	641,307	-
Notes and bonds issued under repurchase agreements	59,286,757	18,749,841
Payables	6,630,935	8,441,522
Current tax liabilities	644,352	600,802
Deposits and remittances	513,426,427	421,415,142
Bank debentures payable	20,351,293	10,450,000
Principal received on structured notes	21,640,763	30,248,517
Other financial liabilities	-	66,667
Provisions	443,360	428,589
Lease liabilities	1,764,739	2,196,166
Deferred tax liabilities	19,831	24,660
Other liabilities	6,124,853	5,875,067
Total liabilities	<u>713,511,034</u>	<u>598,209,509</u>
Common stock	46,061,623	46,061,623
Capital surplus	7,251,306	7,251,306
Retained earnings	10,110,204	10,004,687
Others	3,563,611	854,014
Total equity	<u>66,986,744</u>	<u>64,171,630</u>
Total liabilities and equity	<u>\$ 780,497,778</u>	<u>\$ 662,381,139</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2020	2019
Interest revenue	\$ 11,651,702	\$ 13,511,243
Interest expense	<u>(4,042,555)</u>	<u>(6,765,706)</u>
Interest profit, net	7,609,147	6,745,537
Noninterest profits and gains, net	<u>3,749,955</u>	<u>4,525,512</u>
Total net revenues	11,359,102	11,271,049
Allowance for bad debts and losses on commitments and guarantees, net	(409,651)	(404,715)
Operating expenses	<u>(6,225,058)</u>	<u>(6,142,534)</u>
Net profit before income tax	4,724,393	4,723,800
Income tax expense	<u>(500,035)</u>	<u>(1,117,192)</u>
Net profit for the year	4,224,358	3,606,608
Other comprehensive income (loss) for the year, net of income tax	<u>2,391,483</u>	<u>2,190,414</u>
Total comprehensive income (loss) for the year	<u>\$ 6,615,841</u>	<u>\$ 5,797,022</u>
Basic earnings per share	<u>\$0.92</u>	<u>\$0.78</u>

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2020	2019
Current assets	\$ 220,428,636	\$ 180,711,551
Noncurrent assets	<u>53,603,610</u>	<u>49,800,020</u>
Total assets	<u>\$ 274,032,246</u>	<u>\$ 230,511,571</u>
Current liabilities	\$ 195,621,321	\$ 156,714,996
Noncurrent liabilities	<u>6,550,817</u>	<u>6,396,585</u>
Total liabilities	<u>202,172,138</u>	<u>163,111,581</u>
Common stock		
Capital surplus	34,363,397	32,418,432
Retained earnings	8,648,583	8,648,567
Others	25,958,900	25,428,702
Total equity	<u>2,889,228</u>	<u>904,289</u>
	<u>71,860,108</u>	<u>67,399,990</u>
Total liabilities and equity	<u>\$ 274,032,246</u>	<u>\$ 230,511,571</u>

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2020	2019
Revenues	\$ 14,923,303	\$ 11,121,170
Costs and expenses	<u>(10,426,788)</u>	<u>(9,206,654)</u>
Profit from operations	<u>4,496,515</u>	<u>1,914,516</u>
Share of profit (loss) of subsidiaries, associates and joint ventures	3,837,113	3,118,475
Other income and loss	<u>867,996</u>	<u>986,473</u>
Total non-operating income or loss	<u>4,705,109</u>	<u>4,104,948</u>
Net profit before income tax	9,201,624	6,019,464
Income tax benefit (expense)	<u>(476,299)</u>	<u>33,093</u>
Net profit for the year	8,725,325	6,052,557
Other comprehensive income (loss) for the year, net of income tax	<u>1,234,404</u>	<u>4,557,555</u>
Total comprehensive income (loss) for the year	<u>\$ 9,959,729</u>	<u>\$ 10,610,112</u>
Basic earnings per share	<u>\$2.54</u>	<u>\$1.76</u>

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2020	2019
Current assets	\$ 4,550,941	\$ 5,333,409
Noncurrent assets	<u>33,474,784</u>	<u>39,121,770</u>
Total assets	<u>\$ 38,025,725</u>	<u>\$ 44,455,179</u>
Current liabilities	\$ 2,442,635	\$ 944,851
Noncurrent liabilities	<u>813,805</u>	<u>837,985</u>
Total liabilities	<u>3,256,440</u>	<u>1,782,836</u>
Common stock	20,411,159	20,411,159
Capital surplus	590,409	590,409
Retained earnings	14,577,712	21,147,266
Others	<u>(809,995)</u>	<u>523,509</u>
Total equity	<u>34,769,285</u>	<u>42,672,343</u>
Total liabilities and equity	<u>\$ 38,025,725</u>	<u>\$ 44,455,179</u>

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2020	2019
Operating revenues	\$ (704,604)	\$ 2,412,940
Operating expenses	<u>(513,284)</u>	<u>(477,625)</u>
Profit (loss) from operations	(1,217,888)	1,935,315
Non-operating income and expenses	<u>150,768</u>	<u>171,343</u>
Net profit (loss) before income tax	(1,067,120)	2,106,658
Income tax benefit	<u>11,704</u>	<u>125,231</u>
Net profit (loss) for the year	(1,055,416)	2,231,889
Other comprehensive income (loss) for the year, net of income tax	<u>(1,343,516)</u>	<u>67,828</u>
Total comprehensive income (loss) for the year	<u>\$ (2,398,932)</u>	<u>\$ 2,299,717</u>
Basic earnings (loss) per share	<u>\$(0.52)</u>	<u>\$1.09</u>

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Current assets	\$ 56,362	\$ 31,405
Noncurrent assets	<u>1,629,220</u>	<u>2,772,137</u>
Total assets	<u>\$ 1,685,582</u>	<u>\$ 2,803,542</u>
Current liabilities	\$ 224,794	\$ 134,261
Noncurrent liabilities	<u>3,348</u>	<u>71,300</u>
Total liabilities	<u>228,142</u>	<u>205,561</u>
Common stock	1,133,600	2,133,600
Capital surplus	139,538	139,538
Retained earnings	225,335	348,387
Others	<u>(41,033)</u>	<u>(23,544)</u>
Total equity	<u>1,457,440</u>	<u>2,597,981</u>
Total liabilities and equity	<u>\$ 1,685,582</u>	<u>\$ 2,803,542</u>

2. Condensed statements of comprehensive income

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenues and gains	\$ 229,573	\$ 461,037
Expenses and losses	<u>(84,490)</u>	<u>(91,936)</u>
Net profit before income tax	145,083	369,101
Income tax expense	<u>(21,425)</u>	<u>(81,779)</u>
Net profit for the year	123,658	287,322
Other comprehensive income (loss) for the year, net of income tax	<u>(17,419)</u>	<u>(3,520)</u>
Total comprehensive income (loss) for the year	<u>\$ 106,239</u>	<u>\$ 283,802</u>
Net profit attributable to:		
Owners of parent	\$ 123,658	\$ 274,126
Prior interest under common control	<u>-</u>	<u>13,196</u>
	<u>\$ 123,658</u>	<u>\$ 287,322</u>
Total comprehensive income attributable to:		
Owners of parent	\$ 106,239	\$ 272,015
Prior interest under common control	<u>-</u>	<u>11,787</u>
	<u>\$ 106,239</u>	<u>\$ 283,802</u>
Basic earnings per share	<u>\$0.63</u>	<u>\$1.35</u>

(Continued)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2020	2019
Cash and cash equivalents	\$ 101,376,515	\$ 85,927,723
Receivables	19,920,386	26,826,102
Current tax assets	526,131	526,131
Financial assets at fair value through profit or loss	375,555,929	312,985,212
Financial assets at fair value through other comprehensive income	482,873,124	382,691,543
Financial assets measured at amortized cost	1,046,395,601	1,011,036,234
Investments accounted for using the equity method, net	69,863	-
Investment property	36,838,917	23,136,905
Loans	33,557,049	34,033,871
Reinsurance assets	740,256	533,134
Property and equipment	12,414,988	14,113,541
Right-of-use assets	6,058,770	15,174,273
Intangible assets	234,530	190,409
Deferred tax assets	10,861,287	8,264,170
Other assets	7,724,396	6,876,554
Separate account product assets	<u>84,564,106</u>	<u>77,922,118</u>
Total assets	<u>\$ 2,219,711,848</u>	<u>\$ 2,000,237,920</u>
Payables	\$ 13,264,436	\$ 19,417,296
Current tax liabilities	2,591,206	714,434
Financial liabilities at fair value through profit or loss	7,931,359	1,426,070
Bonds Payable	10,000,000	-
Lease liabilities	1,751,214	2,206,846
Insurance liabilities	1,896,680,430	1,738,260,215
Foreign exchange valuation reserve	4,023,007	2,367,039
Provisions	212,754	209,328
Deferred tax liabilities	10,126,831	7,286,894
Other liabilities	8,909,300	7,758,119
Separate account product liabilities	<u>84,564,106</u>	<u>77,922,118</u>
Total liabilities	<u>2,040,054,643</u>	<u>1,857,568,359</u>
Common stock	47,313,972	44,635,823
Capital surplus	7,214,523	7,214,523
Retained earnings	70,988,356	61,240,158
Others	<u>54,140,354</u>	<u>29,579,057</u>
Total equity	<u>179,657,205</u>	<u>142,669,561</u>
Total liabilities and equity	<u>\$ 2,219,711,848</u>	<u>\$ 2,000,237,920</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2020	2019
Operating revenues	\$ 323,248,432	\$ 339,115,451
Operating costs	(301,457,969)	(318,713,973)
Operating expenses	<u>(6,085,643)</u>	<u>(5,810,662)</u>
Profit from operations	15,704,820	14,590,816
Non-operating income and expenses	<u>(67,957)</u>	<u>10,910</u>
Income from continuing operations before income tax	15,636,863	14,601,726
Income tax expense	<u>(89,027)</u>	<u>(1,003,848)</u>
Net income	15,547,836	13,597,878
Other comprehensive income (loss) for the year, net of income tax	<u>24,113,661</u>	<u>46,561,453</u>
Total comprehensive income (loss) for the year	<u>\$ 39,661,497</u>	<u>\$ 60,159,331</u>
Basic earnings per share	<u>\$3.29</u>	<u>\$3.02</u>

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2020

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

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Beauty Essential International (Shanghai) Ltd.	Sale and R&D of the cosmetics.	US\$ 2,000 thousand	Note 1,b,1)	US\$ 2,262 thousand	\$ -	\$ -	US\$ 2,262 thousand	(Note 3)	8.86	\$ -	\$ 67,521	\$ -
Beauteek (Shanghai) Co., Ltd.	Cosmetics and skin care products sales.	US\$ 1,700 thousand	Note 1,b,1)	US\$ 53 thousand	-	-	US\$ 53 thousand	(Note 3)	-	-	1,633	-
Shanghai Derby Software Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry.	US\$ 10,000 thousand	Note 1,b,2)	US\$ 3,267 thousand	-	US\$ 3,267 thousand	-	(Note 3)	-	-	-	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US\$ 35,200 thousand	Note 1,b,3)	US\$ 1,400 thousand	-	-	US\$ 1,400 thousand	(Note 3)	1.66	-	45,003	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US\$ 17,130 thousand	Note 1,b,4)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US\$ 87,070 thousand	Note 1,b,5),19)	US\$ 228 thousand	-	-	US\$ 228 thousand	(Note 3)	1.83	-	6,514	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1,b,6),20)	US\$ 182 thousand	-	-	US\$ 182 thousand	(Note 3)	5.00	-	6,206	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 28,000 thousand	Note 1,b,5),18)	US\$ 948 thousand	-	-	US\$ 948 thousand	(Note 3)	2.36	-	6,819	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 3,000 thousand	Note 1,b,5),18)	US\$ 33 thousand	-	-	US\$ 33 thousand	(Note 3)	2.36	-	239	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	CNY 171,574 thousand	Note 1,b,5),18)	US\$ 297 thousand	-	-	US\$ 297 thousand	(Note 3)	2.36	-	2,135	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US\$ 500 thousand	Note 1,b,5),18)	US\$ 42 thousand	-	-	US\$ 42 thousand	(Note 3)	2.36	-	299	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,18)	US\$ 4,938 thousand	US\$ 113 thousand	-	US\$ 5,051 thousand	(Note 3)	3.89	-	36,325	-
CDIB Private Equity (China) Corporation	Management and consulting.	US\$ 7,000 thousand	Note 1,b,8)	US\$ 7,000 thousand	-	-	US\$ 7,000 thousand	28,714	100.00	28,714	278,213	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund Management.	CNY 10,000 thousand	Note 9	-	-	-	-	15,496	70.00	10,847	62,659	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund Management.	CNY 12,000 thousand	Note 1,b,8)	CNY 6,686 thousand	\$ -	\$ -	CNY 6,686 thousand	\$ (2,664)	70.00	\$ (1,865)	\$ 34,638	\$ -
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 600,000 thousand	Note 1,b,7),8)	CNY 350,000 thousand	-	-	CNY 350,000 thousand	(230,676)	-	(81,401)	844,123	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund Management.	CNY 7,000 thousand	Note 10	-	-	-	-	14,923	65.00	9,700	66,561	-
CDIB Yida Private Equity Management (Kushan) Enterprise (Limited Partnership)	Fund Management.	CNY 12,000 thousand	Note 1,b,8)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	(1,073)	65.00	(698)	33,415	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 898,367 thousand	Note 1,b,7),8)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	(87,989)	-	(26,696)	1,199,488	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment	CNY 292,000 thousand	Note 1,b,7), 8)	CNY 89,224 thousand	-	-	CNY 89,224 thousand	(72,050)	-	(22,768)	369,505	-
Beijing Shengzhuang Co., Ltd.	Cosmetics sales.	CNY 54,300 thousand	Note 1,b,10)	US\$ 5,000 thousand	-	-	US\$ 5,000 thousand	(Note 3)	5.44	-	151,150	-
Lightel Technologies (Shenzhen) Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US\$ 4,100 thousand	Note 1,b,11)	US\$ 337 thousand	-	-	US\$ 337 thousand	(Note 3)	11.58	-	10,076	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 313,432 thousand	Note 1,b,6),12)	US\$ 2,311 thousand	-	-	US\$ 2,311 thousand	(Note 3)	7.70	-	67,313	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 195,686 thousand	Note 1,b,6),12)	US\$ 1,678 thousand	-	-	US\$ 1,678 thousand	(Note 3)	7.70	-	48,883	-
Jiangsu Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK\$ 761,576 thousand	Note 1,b, 6),21)	US\$ 9,248 thousand	-	-	US\$ 9,248 thousand	(Note 3)	5.46	-	53,300	-
Tutwo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	CNY 350,379 thousand	Note 1,b, 13)	US\$ 7,417 thousand	-	-	US\$ 7,417 thousand	(Note 3)	2.67	-	53,342	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US\$ 183,000 thousand	Note 1,b, 14)	US\$ 211 thousand	-	-	US\$ 211 thousand	(Note 3)	-	-	2,482	-
Viscovery	Business in software development	US\$ 2,860 thousand	Note 1,b, 15)	US\$ 36 thousand	-	-	US\$ 36 thousand	(Note 3)	1.80	-	1,026	-
CDIB International Leasing Corporation	Financial Leasing and management business consulting.	CNY 187,750 thousand	Note 1,a	US\$ 30,000 thousand	-	-	US\$ 30,000 thousand	52,312	100.00	52,312	115,331	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US\$ 4,000 thousand	Note 1,b,16)	US\$ 4,000 thousand	\$ -	\$ -	US\$ 4,000 thousand	\$ (5,766)	100.00	\$ (5,766)	\$ 22,640	\$ -
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	3,554,131	19.90	-	18,836,120	148,983
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US\$ 13,380 thousand	Note 1,b,17)	US\$ 381 thousand	US\$ 15 thousand	-	US\$ 396 thousand	(Note 3)	0.88	-	1,527	-
Cheng Zong Environmental Protection Technology (Shanghai) Co., Ltd.	Business in Packaging materials, plastic products, machinery and equipment, providing molds and related products wholesale, commission agents.	US\$ 5,000 thousand	Note 1,b,17)	US\$ 107 thousand	US\$ 13 thousand	-	US\$ 120 thousand	(Note 3)	0.88	-	462	-
Taro Technology (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US\$ 30,000 thousand	Note 1,b,22)	US\$ 2,000 thousand	-	-	US\$ 2,000 thousand	(Note 3)	1.01	-	58,252	-
Rokid Business (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US\$ 15,000 thousand	Note 1,b,22)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	1.01	-	87,378	-
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business	CNY 600,000 thousand	Note 1,a	-	CNY 200,400 thousand	-	CNY 200,400 thousand	(Note 3)	33.40	(Note 2,a)	-	-

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$20,394,462	US\$849,339 thousand	\$226,457,467

Note 1: The investment types are as follows:

- a. Direct investments.
- b. Reinvested through a third area by:
 - 1) Beauty Essentials International Ltd.
 - 2) Derbysoft Holdings Limited.
 - 3) Capital Excel Investments Limited.
 - 4) Hartec Asia Pte Ltd.
 - 5) CDIB Capital Investment I Limited.
 - 6) CDIB Capital Investment II Limited.
 - 7) CDIB Venture Capital (Hong Kong) Corporation Limited (Note 11).
 - 8) CDIB Private Equity (Hong Kong) Corporation Limited.
 - 9) GSD Technologies Co., Ltd.
 - 10) Shengzhuang Holdings Limited.
 - 11) Lightel Technologies, Inc.
 - 12) CBA Sport International Limited.
 - 13) CCAP Tutwo Holdings (Hong Kong) Limited.
 - 14) Best Logistics.
 - 15) Viscovery (Cayman) Holding Company Limited.

(Continued)

- 16) Richpoint Company Limited.
- 17) Deluxe Technology Group Co., Ltd.
- 18) CDIB Capital Asia Partners L.P.
- 19) Great Team Backend Foundry, Inc.
- 20) Sungjoo Design Tech & Distribution Inc.
- 21) Great Rich Technologies Limited.
- 22) Rokid Corporation Limited.

c. Other.

Note 2: In the column “Investment Gain”

a. If it is in preparation and there is no investment gain, it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

- 1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
- 2) Financial statements audited by the CPA firm of the parent company in Taiwan;
- 3) Other.

c. If the current profit and loss information of the investee company cannot be obtained, it should state clearly.

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: Subsidiary of the Corporation formerly indirectly invested in Focal Tech (Shenzhen) System Co., Ltd. through its subsidiary’s investment in Focal Tech (Shenzhen) Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 5: Subsidiary of the Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary’s investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yangzhou Enteres Industrial Co., Ltd., Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in China Peptides (Wuhan) Co., Ltd. through its subsidiary’s investment in JHL Biotech, Inc. has been listed on the Taipei Exchange on September 17, 2015, refer to its financial report for the information.

Note 8: Subsidiary of the Corporation formerly indirectly invested in Power Logic Tech (DongGuan) Inc., Dongguan TaiYi Electronics Co., Ltd., Dongguan Yi Quan Electronics Co., Ltd. through Sun Max Tech Limited, has been listed on the Taipei Exchange on December 28, 2017, refer to its financial report for the information.

Note 9: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 10: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 11: China Development Venture Capital Co., Ltd. passed a resolution of the board of directors acting on behalf of the shareholders meeting on July 20, 2020, and its 100% holding of CDIB Venture Capital (Hong Kong) Corporation Limited was transferred to China Development Capital Co., Ltd. by way of capital reduction in kind, And set July 27, 2020 as the reference date for the material reduction.

Note 12: Subsidiary of the Corporation formerly indirectly invested in Gio Van Gogh (International) Jewelry Limited through its subsidiary’s investment in Regal Holding Co., Ltd. has been listed on the Taiwan Stock Exchange on June 26, 2017, refer to its financial report for the information.

Note 13: Subsidiary of the Corporation formerly indirectly invested in San Neng Bakeware (Wuxi) Co., Ltd. through its subsidiary’s investment in San Neng Group Holdings Co., Ltd. has been listed on the Taiwan Stock Exchange on June 25, 2018, refer to its financial report for the information.

Note 14: Subsidiary of the Corporation formerly indirectly invested in Hangzhou Huatong Industries Inc. and Hangzhou Rilong Leather Co., Ltd. through its subsidiary’s investment in Shane Global Holding Inc. has been listed on the Taiwan Stock Exchange on August 15, 2018, refer to its financial report for the information.

Note 15: CCB Life Insurance Company Limited raised CNY6 billion in cash capital in 2019. The payments of the capital raising plan have been fully collected and the capital verification was completed in April 2019. The paid-in capital following the capital increase was approved by the China Insurance Regulatory Commission on July 21, 2020 and has yet to be approved by the Shanghai Administration for Industry and Commerce as of September 23, 2020.

Note 16: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary’s investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

Note 17: Suyin KGI Consumer Finance Co., Ltd. was the preparatory office as of December 31, 2020, and no relevant gains and losses have been recognized.

(Concluded)

TABLE 12

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	CDIB Capital Group	1	Current tax assets	\$ 519,807	Note 4	0.02%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	519,807	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	240,257	Note 4	0.01%
1	CDIB Capital Group	The Corporation	2	Current tax assets	240,257	Note 4	0.01%
0	The Corporation	KGI Bank	1	Current tax assets	644,352	Note 4	0.02%
2	KGI Bank	The Corporation	2	Current tax liabilities	644,352	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	1,199,385	Note 4	0.03%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	1,199,385	Note 4	0.03%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	14,837,864	Note 4	0.43%
2	KGI Bank	The Corporation	2	Deposits and remittances	14,837,864	Note 4	0.43%
0	The Corporation	CDIB Capital Group	1	Receivables, net	1,500,000	Note 4	0.04%
1	CDIB Capital Group	The Corporation	2	Payables	1,500,000	Note 4	0.04%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	4,274,724	Note 4	0.12%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	4,274,724	Note 4	0.12%
3	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	836,736	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	343,145	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	1,179,881	Note 4	0.03%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	710,692	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	\$ 710,692	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	1,916,446	Note 4	0.06%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	1,916,446	Note 4	0.06%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	1,503,444	Note 4	0.04%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	1,503,444	Note 4	0.04%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	82,184	Note 4	0.00%
5	CDIB Capital Management Corporation	KGI Bank	3	Other assets	31,100	Note 4	0.00%
5	CDIB Capital Management Corporation	KGI Bank	3	Other financial assets	60,100	Note 4	0.00%
2	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	173,384	Note 4	0.01%
6	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,217,028	Note 4	0.04%
2	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,217,028	Note 4	0.04%
7	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	115,912	Note 4	0.00%
2	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	115,912	Note 4	0.00%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	120,667	Note 4	0.00%
2	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	120,667	Note 4	0.00%
8	CDIB Capital International Corporation Limited	KGI Bank	3	Cash and cash equivalents	142,302	Note 4	0.00%
2	KGI Bank	CDIB Capital International Corporation Limited	3	Deposits and remittances	142,302	Note 4	0.00%
9	CDIB Global Markets Limited	KGI Bank	3	Cash and cash equivalents	107,585	Note 4	0.00%
2	KGI Bank	CDIB Global Markets Limited	3	Deposits and remittances	107,585	Note 4	0.00%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Financial assets at fair value through profit or loss	117,814	Note 4	0.00%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other financial liabilities	117,814	Note 4	0.00%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	2,045,386	Note 4	0.06%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	\$ 2,045,386	Note 4	0.06%
3	KGI Securities Co., Ltd. and its subsidiaries	China Life Insurance Co., Ltd.	3	Service fee revenue and commission expense	155,762	Note 4	0.07%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd. and its subsidiaries	3	Service fee revenue and commission income	155,762	Note 4	0.07%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	189,378	Note 4	0.08%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Service fee revenue and commission expense	189,378	Note 4	0.08%
3	KGI Securities Co., Ltd. and its subsidiaries	China Life Insurance Co., Ltd.	3	Other noninterest profit and gains, net	171,053	Note 4	0.08%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd. and its subsidiaries	3	Operating expense	171,053	Note 4	0.08%
3	KGI Securities Co., Ltd. and its subsidiaries	KGI Bank	3	Other noninterest profit and gains, net	102,984	Note 4	0.05%
2	KGI Bank	KGI Securities Co., Ltd. and its subsidiaries	3	Operating expense	102,984	Note 4	0.05%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	777,536	Note 4	0.02%
10	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	777,536	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	602,364	Note 4	0.02%
10	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	602,364	Note 4	0.02%
10	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	176,187	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	176,187	Note 4	0.01%
10	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	1,083,723	Note 4	0.03%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	1,083,723	Note 4	0.03%
10	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	157,135	Note 4	0.00%
12	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	157,135	Note 4	0.00%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial liabilities at fair value through profit or loss	652,992	Note 4	0.02%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial assets	652,992	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	\$ 633,163	Note 4	0.02%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	633,163	Note 4	0.02%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	558,465	Note 4	0.02%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	558,465	Note 4	0.02%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	205,841	Note 4	0.00%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	205,841	Note 4	0.00%
12	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	412,692	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	412,692	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	270,023	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	270,023	Note 4	0.01%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Cash and cash equivalents	2,850,646	Note 4	0.08%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial liabilities	2,850,646	Note 4	0.08%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	146,494	Note 4	0.00%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	146,494	Note 4	0.00%
13	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	321,964	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Other assets	321,964	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	250,582	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Other financial assets	250,582	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,567,855	Note 4	0.05%
15	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	1,567,855	Note 4	0.05%
3	KGI Securities Co., Ltd.	KGI Asia Limited	3	Payables	101,867	Note 4	0.00%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
13	KGI Asia Limited	KGI Securities Co., Ltd.	3	Receivables, net	\$ 101,867	Note 4	0.00%
16	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	564,428	Note 4	0.02%
15	KGI International Holdings Limited	KGI International Finance Limited	3	Other financial liabilities	564,428	Note 4	0.02%
14	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	456,951	Note 4	0.01%
17	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Other borrowings	456,951	Note 4	0.01%
2	KGI Bank	CDIB Management Consulting Corporation	3	Deposits and remittances	101,981	Note 4	0.00%
18	CDIB Management Consulting Corporation	KGI Bank	3	Cash and cash equivalents	101,981	Note 4	0.00%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service fee revenue and commission income	230,234	Note 4	0.10%
10	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service fee revenue and commission expense	230,234	Note 4	0.10%
3	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expense	160,740	Note 4	0.07%
19	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Other noninterest profit and gains, net	160,740	Note 4	0.07%
20	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profit and gains, net	2,278,474	Note 4	1.01%
13	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	2,278,474	Note 4	1.01%
20	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Other noninterest profit and gains, net	187,148	Note 4	0.08%
12	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	187,148	Note 4	0.08%
20	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	586,535	Note 4	0.26%
14	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	586,535	Note 4	0.26%
21	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Other noninterest profit and gains, net	268,355	Note 4	0.12%
8	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expense	268,355	Note 4	0.12%
8	CDIB Capital International Corporation	CDIB Global Markets Limited	3	Other noninterest profit and gains, net	128,862	Note 4	0.06%
9	CDIB Global Markets Limited	CDIB Capital International Corporation	3	Operating expense	128,862	Note 4	0.06%

(Continued)

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

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

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

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

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

(Concluded)

TABLE 13-1**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS
DECEMBER 31, 2020**

	Richpoint Company Limited (In U.S. Dollars)	KG Investments Holdings Limited (In U.S. Dollars)	KGI International Holdings Limited (In U.S. Dollars)	KGI Investment Advisory (Shanghai) Co., Ltd. (In CNY)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 22,078	\$ 1	\$ 21,098	\$ 5,108,185
Other receivables - related parties	-	-	30,053,895	-
Other current assets	<u>53,739</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total current assets	<u>75,817</u>	<u>1</u>	<u>30,074,993</u>	<u>5,113,185</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent	58,334	-	-	-
Financial assets at fair value through other comprehensive income - noncurrent	-	-	2,375,000	-
Investments accounted for using the equity method	551,138,464	540,798,326	759,796,262	-
Other noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,640</u>
Total noncurrent assets	<u>551,196,798</u>	<u>540,798,326</u>	<u>762,171,262</u>	<u>75,640</u>
TOTAL	<u>\$ 551,272,615</u>	<u>\$ 540,798,327</u>	<u>\$ 792,246,255</u>	<u>\$ 5,188,825</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 14,600,000	\$ -	\$ 10,000,000	\$ -
Commercial paper payable	-	-	176,949,840	-
Other payables	18,301	-	166,812	-
Other payables - related parties	<u>-</u>	<u>5,537,841</u>	<u>65,294,861</u>	<u>-</u>
Total current liabilities	<u>14,618,301</u>	<u>5,537,841</u>	<u>252,411,513</u>	<u>-</u>
Total liabilities	<u>14,618,301</u>	<u>5,537,841</u>	<u>252,411,513</u>	<u>-</u>
EQUITY				
Common stock	147,043,557	156,864,163	209,248,261	25,278,600
Capital reserve	872,149	77,461	54,662,168	10,818
Special reserve	-	9,759,135	387,913	-
Retained earnings (accumulated deficit)	376,981,293	356,686,410	263,439,473	(20,100,593)
Other equity	<u>11,757,315</u>	<u>11,873,317</u>	<u>12,096,927</u>	<u>-</u>
Total equity	<u>536,654,314</u>	<u>535,260,486</u>	<u>539,834,742</u>	<u>5,188,825</u>
TOTAL	<u>\$ 551,272,615</u>	<u>\$ 540,798,327</u>	<u>\$ 792,246,255</u>	<u>\$ 5,188,825</u>

TABLE 13-2**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS****DECEMBER 31, 2020****(Expressed in U.S. Dollars)**

ASSETS	KGI Limited	Supersonic Service Inc.	KGI International Limited
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,875	\$ -	\$ 431
Other receivables - related parties	<u>-</u>	<u>-</u>	<u>1,009,858</u>
Total current assets	<u>4,875</u>	<u>-</u>	<u>1,010,289</u>
NONCURRENT ASSETS			
Investments accounted for using the equity method	<u>453,287,344</u>	<u>-</u>	<u>69,141,564</u>
TOTAL	<u>\$ 453,292,219</u>	<u>\$ -</u>	<u>\$ 70,151,853</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other payables - related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,434</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,434</u>
EQUITY			
Common stock	389,239,174	-	81,511,717
Retained earnings (accumulated deficit)	<u>64,053,045</u>	<u>-</u>	<u>(11,361,298)</u>
Total equity	<u>453,292,219</u>	<u>-</u>	<u>70,150,419</u>
TOTAL	<u>\$ 453,292,219</u>	<u>\$ -</u>	<u>\$ 70,151,853</u>

TABLE 13-3

KGI SECURITIES AND ITS SUBSIDIARIES

BALANCE SHEETS

DECEMBER 31, 2020

(Expressed in U.S. Dollars)

ASSETS	Bauhinia 88 Ltd.	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 1,080,767	\$ -
Prepayments	-	-	999,321	-
Other receivables	-	-	236,518	-
Other receivables - related parties	-	-	14,045,158	1
Other current assets	-	1	1,633,102	-
Total current assets	-	1	17,994,866	1
NONCURRENT ASSETS				
Property and equipment	-	-	5,314,511	-
Right-of-use assets	-	-	16,828,825	-
Other noncurrent assets	-	-	48,697	-
Total noncurrent assets	-	-	22,192,033	-
TOTAL	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 40,186,899</u>	<u>\$ 1</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable	\$ -	\$ -	\$ 30,613,270	\$ -
Other payable - related parties	-	-	386,375	-
Lease liabilities - current	-	-	4,692,084	-
Total current liabilities	-	-	35,691,729	-
NONCURRENT LIABILITIES				
Provisions - noncurrent	-	-	1,557,586	-
Lease liabilities - noncurrent	-	-	12,696,043	-
Total noncurrent liabilities	-	-	14,253,629	-
Total liabilities	-	-	49,945,358	-
EQUITY				
Common stock	-	1	15,000	1
Special reserve	-	-	58,265	-
Accumulated deficit	-	-	(9,831,724)	-
Total equity	-	1	(9,758,459)	1
TOTAL	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 40,186,899</u>	<u>\$ 1</u>

TABLE 13-4**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS****DECEMBER 31, 2020****(Expressed in U.S. Dollars)**

	KGI Korea Limited	KGI Asia (Holdings) Pte. Ltd.	KGI Capital (Singapore) Pte. Ltd.
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ 121,891	\$ -
NONCURRENT ASSETS			
Investments accounted for using the equity method	-	172,606,364	-
TOTAL	<u>\$ -</u>	<u>\$ 172,728,255</u>	<u>\$ -</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	\$ -	\$ 100,862,591	\$ -
Other payable	-	26,297	-
Other payable - related parties	-	347,094	-
Total current liabilities	-	101,235,982	-
Total liabilities	-	101,235,982	-
EQUITY			
Common stock	-	75,749,306	-
Retained earnings (accumulated deficit)	-	(6,059,352)	-
Other equity	-	1,802,319	-
Total equity	-	71,492,273	-
TOTAL	<u>\$ -</u>	<u>\$ 172,728,255</u>	<u>\$ -</u>

TABLE 14-1**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Richpoint Company Limited (In U.S. Dollars)	KG Investments Holdings Limited (In U.S. Dollars)	KGI International Holdings Limited (In U.S. Dollars)	KGI Investment Advisory (Shanghai) Co., Ltd. (In CNY)
REVENUES				
Other operating income	\$ 2,684	\$ 350,736	\$ (916,048)	\$ (349,239)
COSTS AND EXPENSES				
Financial costs	(410,003)	(132,194)	(557,084)	-
Employee benefit expenses	-	-	-	(493,380)
Depreciation and amortization expenses	-	-	-	(1,587)
Other operating expenses	(32,767)	(6,763)	(18,762)	(502,905)
Total costs and expenses	(442,770)	(138,957)	(575,846)	(997,872)
GAIN (LOSS) FROM OPERATIONS	(440,086)	211,779	(1,491,894)	(1,347,111)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	62,449,363	62,113,815	63,520,610	-
OTHER PROFITS (LOSSES)	215,304	223,610	85,099	2,315
NON-OPERATING REVENUE AND EXPENSE	62,664,667	62,337,425	63,605,709	2,315
NET PROFIT (LOSS) FOR THE YEAR	62,224,581	62,549,204	62,113,815	(1,344,796)
OTHER COMPREHENSIVE INCOME (LOSSES)	(1,512,417)	(1,563,690)	(1,340,080)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 60,712,164	\$ 60,985,514	\$ 60,773,735	\$ (1,344,796)

TABLE 14-2**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(In U.S. Dollars)**

	KGI Limited	Supersonic Services Inc.	KGI International Limited
REVENUES			
Other operating income	\$ -	\$ -	\$ 234,377
COSTS AND EXPENSES			
Total costs and expenses	-	-	-
PROFIT FROM OPERATIONS	-	-	234,377
OTHER PROFIT (LOSSES)	-	-	(72,583)
NON-OPERATING REVENUE AND EXPENSE	-	-	(72,583)
NET PROFIT FOR THE YEAR	-	-	161,794
OTHER COMPREHENSIVE INCOME (LOSSES)	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	\$ -	\$ -	\$ 161,794

TABLE 14-3**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(In U.S. Dollars)**

	Bauhinia 88 Ltd.	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited
REVENUES				
Other operating income	\$ -	\$ -	\$ 437,239	\$ -
COSTS AND EXPENSES				
Financial costs	-	-	(710,148)	-
Other operating expense	-	-	(31,910,322)	-
Employee benefits	-	-	(50,601,530)	-
Depreciation and amortization	-	-	(7,886,475)	-
Other operating expenses	-	-	(12,666,904)	-
Total costs and expenses	-	-	(103,775,379)	-
LOSS FROM OPERATIONS	-	-	(103,338,140)	-
OTHER REVENUE AND EXPENSE	-	-	108,956,314	-
NON-OPERATING REVENUE AND EXPENSE	-	-	108,956,314	-
NET PROFIT FOR THE YEAR	-	-	5,618,174	-
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ -	\$ -	\$ 5,618,174	\$ -

TABLE 14-4**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(In U.S. Dollars)**

	KGI Korea Limited	KGI Asia (Holdings) Pte. Ltd.	KGI Capital (Singapore) Pte. Ltd.
REVENUES			
Derivative assets - counter	\$ -	\$ 24,674	\$ -
Other operating income	<u>-</u>	<u>776,695</u>	<u>(25)</u>
Total revenues	<u>-</u>	<u>801,369</u>	<u>(25)</u>
COSTS AND EXPENSES			
Financial costs	-	(717,687)	-
Other operating expenses	<u>-</u>	<u>(18,248)</u>	<u>(2,474)</u>
Total costs and expenses	<u>-</u>	<u>(735,935)</u>	<u>(2,474)</u>
GAIN (LOSS) FROM OPERATIONS	<u>-</u>	<u>65,434</u>	<u>(2,499)</u>
OTHER REVENUE AND EXPENSE	<u>-</u>	<u>7,845,057</u>	<u>-</u>
NON-OPERATING REVENUE AND EXPENSE	<u>-</u>	<u>7,845,057</u>	<u>-</u>
NET PROFIT BEFORE INCOME TAX	<u>-</u>	<u>7,910,491</u>	<u>(2,499)</u>
INCOME TAX EXPENSE	<u>-</u>	<u>(770,928)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>-</u>	<u>7,139,563</u>	<u>(2,499)</u>
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>1,457,877</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	<u>\$ -</u>	<u>\$ 8,597,440</u>	<u>\$ (2,499)</u>

6.5 Any financial distress experienced by CDF or its affiliated enterprises and impact on CDF's financial status, in the latest year up till the publication date of this annual report:

None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ 1,000

Item \ Year	2020.12.31	2019.12.31	Difference	
			Amount	%
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	147,893,829	129,444,209	18,449,620	14
Financial assets at fair value through profit or loss	543,495,816	492,082,632	51,413,184	10
Financial assets at fair value through other comprehensive income	712,962,077	539,623,924	173,338,153	32
Debt investments measured at amortized cost	1,064,332,087	1,028,887,835	35,444,252	3
Financial assets for hedging	102,479	0	102,479	NA
Securities purchased under resell agreements	50,409,959	46,789,881	3,620,078	8
Receivables, net	138,709,584	104,305,699	34,403,885	33
Current tax assets	705,864	759,762	(53,898)	(7)
Discount and loans, net	408,444,192	376,535,852	31,908,340	8
Reinsurance assets, net	740,256	533,134	207,122	39
Investments accounted for using the equity method, net	15,175,924	17,403,840	(2,227,916)	(13)
Other financial assets	146,096,553	121,187,047	24,909,506	21
Investment property, net	29,953,756	25,341,556	4,612,200	18
Property and equipment, net	35,343,870	34,904,312	439,558	1
Right-of-use assets, net	14,049,764	18,548,919	(4,499,155)	(24)
Intangible assets, net	19,537,371	20,441,634	(904,263)	(4)
Deferred tax assets	12,399,965	9,888,920	2,511,045	25
Other assets, net	94,265,129	60,608,848	33,656,281	56
Total assets	3,434,618,475	3,027,288,004	407,330,471	13
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	12,186,960	24,560,878	(12,373,918)	(50)
Financial liabilities at fair value through profit or loss	116,142,567	94,068,987	22,073,580	23
Financial liabilities for hedging	641,307	0	641,307	NA
Notes and bonds issued under repurchase agreements	134,864,245	96,137,331	38,726,914	40
Commercial paper payable, net	11,564,804	12,634,684	(1,069,880)	(8)
Payables	103,096,646	86,839,670	16,256,976	19
Current tax liabilities	4,143,209	1,168,811	2,974,398	254
Deposits and remittances	486,707,951	395,861,002	90,846,949	23
Bonds payable	62,981,293	42,450,000	20,531,293	48
Other borrowings	24,793,519	20,968,007	3,825,512	18
Provisions	1,902,468,183	1,742,247,176	160,221,007	9
Other financial liabilities	163,252,229	149,722,533	13,529,696	9
Lease liabilities	4,454,005	5,615,681	(1,161,676)	(21)
Deferred tax liabilities	15,311,370	12,933,858	2,377,512	18
Other liabilities	59,384,100	45,614,232	13,769,868	30

Item \ Year	2020.12.31	2019.12.31	Difference	
			Amount	%
Total liabilities	3,101,992,388	2,730,822,850	371,169,538	14
Equity attributable to owners of parent				
Capital	149,732,712	149,684,080	48,632	0
Capital surplus	1,627,728	1,093,745	533,983	49
Retained earnings	34,190,500	30,976,678	3,213,822	10
Other equity	18,363,815	8,907,903	9,455,912	106
Treasury shares	(1,178,647)	(3,137,278)	1,958,631	(62)
Non-controlling interests	129,889,979	108,940,026	20,949,953	19
Total equity	332,626,087	296,465,154	36,160,933	12

Analysis of changes in financial status:

1. The increase of financial assets at fair value through other comprehensive income was mainly due to the increase of investments in debt instruments.
2. The increase of receivable, net was mainly due to the increase of margin loans receivable, securities financing refundable deposits and deposits payable for securities financing, and receivable accounts for settlement.
3. The increase of reinsurance assets, net was mainly due to the increase of claims recoverable from reinsurers.
4. The increase of other financial assets was mainly due to the increase of customer margin accounts.
5. The decrease of right-of-use assets, net was mainly due to the reclassification of royalty-surface rights of Taipei Academy.
6. The increase of deferred tax assets was mainly due to the increase of unrealized loss on foreign exchange.
7. The increase of other assets, net was mainly due to the increase of security borrowing margins.
8. The decrease of notes and deposits from the central bank and financial institutions was mainly due to the decrease call loans from financial institutions.
9. The increase of financial liabilities at fair value through profit or loss was mainly due to the increase of borrowed securities payable.
10. The increase of notes and bonds issued under repurchase agreements was mainly due to better use of working capital.
11. The increase of current tax liabilities was mainly due to the increase of income tax payable.
12. The increase of deposits and remittances was mainly due to the increase of time deposits and demand deposits.
13. The increase of bonds payable was mainly due to the increase of corporate bonds payable.
14. The decrease of lease liabilities was mainly due to the decrease of buildings and facilities of lease liabilities.
15. The increase of other liabilities was mainly due to the increase of borrowed securities deposits received.
16. The increase of capital surplus was mainly due to disposal of the Corporation's share.
17. The increase of other equity and non-controlling interests were mainly due to the increase of unrealized gain on financial assets measured at fair value through other comprehensive income.
18. The decrease of treasury shares was mainly due to disposal of the Corporation's share.

7.2 Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Interest profit, net	66,703,953	63,477,530	3,226,423	5
Noninterest profits and gains, net	158,086,500	175,850,032	(17,763,532)	(10)
Allowance for bad debts and losses on commitment and guarantees, net	(364,663)	(347,979)	(16,684)	5
Net change in reserve for insurance liabilities	(174,464,035)	(191,941,972)	17,477,937	9
Operating expenses	(28,013,362)	(25,471,804)	(2,541,558)	10
Net profit before income tax	21,948,393	21,565,807	382,586	2
Income tax expense	(1,272,107)	(1,911,986)	639,879	(33)
Net profit for the year	20,676,286	19,653,821	1,022,465	5
Other comprehensive income (loss) for the year	25,625,929	50,599,660	(24,973,731)	(49)
Total comprehensive income (loss) for the year	46,302,215	70,253,481	(23,951,266)	(34)
Analysis of changes in financial performance: 1. The decrease of income tax expense was mainly due to the decrease of taxable income. 2. The decrease of other comprehensive income for the year was mainly due to the decrease of the other comprehensive income reclassified using the overlay approach and gain on debt instruments measured at fair value through other comprehensive income .				

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2020	2019	Variance (%)
Cash Flow Ratio (%)	41.98	38.97	7.72
Cash flow adequacy ratio (%)	32.25	26.18	23.19
Cash Flow Content Ratio (%)	105.39	145.34	-27.49
Analysis of financial ratio change: 1. The increase of cash flow adequacy ratio was mainly due to the increase of net cash flows generated from operating activities of 2020. 2. The decrease of cash flow content ratio was mainly due to the increase of cash flows used in investing activities of 2020.			

7.3.2 Improvement plan of Illiquidity

Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investment and Financing Activities	Estimated Cash Surplus (Deficit)	Remedy for cash deficits	
①	②	③	① + ② + ③	Investment Plans	Financing Plans
14,873,993	7,018,792	(21,305,547)	587,238	—	—
Cash flow analysis for the current year:					
1. Operating activities: Net cash flow mainly generated from the dividend received from subsidiaries.					
2. Investing activities: Net cash flow mainly used in the increase of the investment of China Insurance Life.					

7.4 Major Capital Expenditure Items

None

7.5 Investment Policy in the Most Recent Year, Causes of Profit or Loss and Improvement Plans, and Investment Plans for the Coming Year

7.5.1 Investment policy in the most recent year

The Company made no significant changes to its investment policy in the most recent year. The Company has been supporting the government's strategies while establishing itself as the most distinguished financial group among the world's Chinese-speaking population. The Company's investments have been aimed toward achieving long-term growth and stable return.

7.5.2 Causes of profit and improvement plans

Despite the serious headwinds faced by the global economy, China Development Financial (CDF) benefited from the solid performance of global financial markets and growth in the capital market turnover. The consolidated net income was NT\$20.676 billion in 2020 (including NT\$8.021 billion from non-controlling equity), with EPS of NT\$0.87 and consolidated ROE of 6.6%. Compared with the consolidated net income of NT\$19.654 billion in 2019 (including NT\$6.858 billion from non-controlling equity), YoY growth was around 5% in 2020.

Looking forward to 2021, major research institutions expect the global economy to rebound from 2020. While COVID-19 vaccination has been administrated, lockdown is expected to be lifted in some major countries around the world; as these economies are rolling out a new round of stimulus packages, it may further fuel up the economic recovery. Taiwan, which is less affected by the COVID-19 pandemic, is expected to perform well in its exports yet at a moderate rate of growth given a relatively high base

period. Apart from an ongoing economic conflict between China and the U.S. and potential tremors in the financial markets, impact on the economic recovery of less-than-expected control over the pandemic remains an uncertainty that requires keeping track of. Faced with difficult, fluid financial situations, CDF's commercial banking business will continuously expand the application of FinTech and provide a diversity of financial products in line with industry needs. While perfecting the regulations governing money-laundering prevention, CDF will continue its effort to promote green finance in response to the Corporate Governance 3.0 and Green Finance Action Plan 2.0 launched by the FSC. On the securities business front, CDF will continue enhancing digital services for wealth management and retail and provide exclusive financial products to customers; group resources will also be used in a timely manner to create an Asia-Pacific integrated network that offers industry-leading financial services. With regard to venture capital/private equity business, CDF will better the management of investment positions to increase return on investment for fund investors; it also plans to raise various funds to further expand the scale of assets under management. In addition, CDF expects to extend its business to different areas such as private credit and buy-out by recruiting investment professionals so that it can build a profit model through diversification.

7.5.3 Investment plans for the coming year

In order to strengthen its operating size and capabilities, the Company will continue identifying investment and merger and acquisition prospects that can further expand businesses. When the timing is right, decisions will be made in accordance with laws and policies.

7.6 Evaluation of risk management practices, on a consolidated basis, for the last year up until the publication date of this annual report

7.6.1 Risk management framework and policies of the Company and its subsidiaries

A. Risk management framework

The Company has a set of defined authorities to manage risk. Its risk management organization and framework are composed of the Board of Directors, senior management, the Risk Management Committee (and its sub-committees) and three lines of defense..

First line of defense: The business/trading/operational teams are the means through which the Company generates income and where all sources of all risks arise. They represent the first line of defense to the Company's risk management efforts. These teams are bound by strict rules to conduct risk assessment prior to business engagements and follow-up tracking after business is completed.

Second line of defense: The risk management team is responsible for the planning, execution, and maintenance of the Company's risk management policies, while monitoring the effectiveness of the overall risk management system.

Third line of defense: The audit team is responsible for ensuring proper creation and compliance of the risk management system, models, and procedures.

The risk management units of the company and its main subsidiaries are as follows:



To ensure independent and adequate management of risk, the Company has created the Risk Management Department, which is responsible for the establishment and execution of risk management systems, policies, and practices throughout the financial group.

All main subsidiaries are required to establish their own risk management departments, whether in the manner stated by law or customized according to their business nature. These risk management departments are responsible for the establishment and execution of risk management systems, policies, and practices for the respective subsidiaries, depending on the characteristics of their business activities. The Company has assembled the Risk Management Committee to monitor risk exposure and ensured the proper functioning of the group's risk management system.

B. Risk management policies

The Company has established risk management policies in accordance with global risk management practices and regulations, combining business management with risk management to solidify operations and development. The policies are guidelines for risk management at the Company and its subsidiaries.

These policies are further adopted by subsidiaries depending on their distinctive business size, business characteristics, management requirements, risk attributes, and risk types.

In addition, the Company is concerned about the impact of emerging risks, including climate change, on financial markets and the economic environment; therefore, the Company will adjust its investment and financing policies accordingly. While aiming to maximize shareholder's equity, the Company also takes great consideration of corporate social responsibility.

7.6.2 Methods adopted by the Company and its subsidiaries for the assessment and control of risks, and disclosure of quantified risk exposures

A. General disclosure

(1) Strategies and procedures

The Company and subsidiaries adopt different risk management procedures based on applicable regulations and their respective risk management policies and business strategies. Meanwhile, risk management meetings are held on a regular basis.

(2) Scope and features of the risk reporting and assessment system

Market risk reports target the financial product positions of the Company and its subsidiaries on a fair value basis and cover details such as risk values, stress test results, and risk quota utilization levels, as well as the impact of any material financial events. Credit risk reports cover details such as analysis of credit quality, limit utilizations, portfolio assessments, stress test results, and major credit risk events. Operational risk reports cover details such as event exposures, distribution of business activities/risk events, individual case descriptions, and any issues concerning operational risks.

The market risk assessment system should cover all market risks associated with the bank's trading positions, including interest rates, exchange rates, securities/derivative prices, and volatility of options instruments relating to the above. The credit risk assessment system has been developed based on characteristics of the Company's business activities. It takes into consideration both quantitative and qualitative risk factors. The Company adopts a basic indicator approach to evaluate the level of capital needed to cover operational risks. It has also developed a risk control self-assessment (RCSA) system, an event reporting system, and a risk indicator control system to manage operational risks.

(3) Market risk avoidance or mitigation policies, and strategies and procedures undertaken for monitoring the effectiveness of risk mitigation tools

Market risk exposures and hedging positions are managed under the authorized market risk quota. The Risk Manager system takes into account correlations and risk mitigation effects and calculates Value at Risk (VaR) for subsidiaries on a standalone basis or for the financial group as a whole. It enables the quantitative market risk management model to be consistently applied throughout the financial group. Credit risk mitigation tools are mainly based on obtaining additional customer collaterals. Collaterals in the form of liquid securities are valued at market price, whereas other types of collaterals are appraised by professional reviewers. Stringent procedures have been taken to ensure the adequacy of risk mitigation tools. Should customers exhibit any sign of weakened credit, the Company would escalate its review and tracking efforts, and take necessary actions such as requiring early repayment or allocation of additional collaterals. Customers who have poor credit ratings and or whose profitability is not in line with revenue risk will not be involved in business. Each counterparty is assigned a credit limit based on their ratings. In addition, limits are imposed

both on a single-party basis and across all counterparties of the same credit rating for better control of settlement risks. The Company manages operational risks in one of four ways: acceptance, avoidance, transfer/mitigation, or control, depending on the frequency and impact of each operational risk event. Prior to launching new services or financial products, the Company would identify risks and evaluate the procedures involved, and address them through internal discussions. Furthermore, by utilizing risk controls and self-evaluation practices, the Company is able to assess residual risks on a regular basis and continue to make sure that its risk control solutions remain effective.

B. Approaches undertaken by subsidiaries to manage and quantify risk exposures

(1) China Life

Market risk

China Life carries out the thorough assessment and analysis of investment targets with care and uses hedges to control market risks effectively. It also adopts the Value at Risk (VaR) model to measure and control the risk exposures of the company and each investment units. According to the asset allocation and the company's appetite for risk, a certain percentage of its capital is set as the market VaR, which is regularly monitored as a market risk limit. In addition, the Risk Management Department measures the overall sensitivity and risk values of the portfolio on a regular basis. It also conducts weekly risk reviews of products and portfolio mixes, submits risk reports, and performs routine control and over-limit processing to comply with internal and external regulations; in addition, the Risk Management Department reports to the Board and the Risk Management Committee on a regular basis.

Credit risk

In order to measure the maximum possible loss of credit due to change or default by an issuer's credit rating, China Life includes fixed-income products into its internal quantification model to calculate its Credit at Risk (CaR). The credit risk quantification model was established based on the transition matrix. It estimates the correlation of the credit default of the transaction object, recalculates the evaluation of the commodity in a simulated manner after one year, and obtains the maximum possible loss of the investment portfolio. On a regular basis, the Risk Management Department submits credit risk reports to the CEO and head of the investment unit, including Expected Credit Loss and Unexpected Credit Loss, and evaluates the respective credit risk and risk concentration of each sub-item of investment portfolios based on the issuer's region, industry, and credit. In addition, it also provides the credit status of each transaction counterparty and marketable securities, and gives internal assessments to the issuer or counterparty of the held position, and manages the use of credit ratings.

Operational risk

In order to effectively identify, measure, supervise, and manage operational risks that may arise from day-to-day business activities and processes, based on the "Guidance for Insurance Industry Risk Management" and with reference to Basel Agreement operational risk events, China Life has identified seven operational risks and loss event types, which serve as the basis for risk

identification and operational risk management information. Through the interaction of the three operational risk management tools — risk control self-assessment (RCSA), construction-related risk indicators (KRI) and risk event data collection (LDC) —and with qualitative and quantitative risk identification and measurement mechanisms, China Life has established a comprehensive operational risk management database. When launching new services, developing new types of business, or laws or internal regulations that may affect the existing operating procedures may change, each business unit conducts risk assessments and designs control points in advance. Through risk identification and assessment, legality analysis, and IT system planning, China Life is able to prevent and control relevant risks effectively while continuously supervising and managing the overall operational risk.

(2) KGI Bank

Market risk

Upholding Basel II as the international standard for risk management, KGI Bank focuses on strengthening and implementing the market risk management system for financial instruments held for trading. It weighs the risk and return in order to achieve the effective use of capital and resources. KGI Bank has comprehensive and sound market risk control mechanisms in place, including a market risk management organization, market risk limits and their tiered authorization structure and process, market risk measurements, procedures for market risk management (including limit control, handling of excess limits, and exception management), market risk reporting, stress testing, reporting process and level and contingency management in case of significant changes in the financial markets, and independent verification procedures for valuation models. KGI Bank integrates risk measurement results into internal trading authorization limits, in an attempt to create a market risk management culture.

Based on each unit's market risk capital, annual budget targets, and business development plans, the Risk Management Department reports to the Board of Directors and seeks approval of market risk limits of the bank-wide trading book, including Value at Risk (VaR), limits on sensitivity (Greeks), and stop-loss limits. With such limits being the budget targets, the maximum market risk tolerance approved is used to regulate the position of the financial trading business. In terms of risk measurement, KGI Bank measures risk values and conducts stress testing using MSCI Risk Manager, a market risk management system introduced in 2009, which enables the quantitative market risk management model to be consistently applied throughout the financial group. The Risk Management Department is responsible for conducting daily position limit control and risk measurement independently. The Department also reports regularly to management, the Risk Management Committee, and the Board about market risks and historical events to which KGI Bank is exposed, as well as the results of stress testing under self-designed scenarios and back testing exercises on the VaR model in order to ensure that market risks are within KGI Bank's risk tolerance.

As to the asset and liability management strategy, KGI Bank keeps track of interest rate risk in the banking book and liquidity risk analysis produced from the asset and liability management system, and adjusts the asset and liability structure and uses hedges in a timely manner so as to minimize risk; KGI Bank also makes sure that investments are made in the banking book according to the structure of assets and liabilities and the utilization of capital. To reduce the liquidity risk and interest rate risk in the banking book, the results of the asset, liability analysis, and stress testing are reported to the Asset and Liability Management Committee on a regular basis for management's decision making.

Credit risk

KGI Bank has a set of standard procedures on credit risk identification measurement, disclosure, and reporting that apply consistently throughout the bank. These procedures cover every step of the credit process, from customers' prerequisites, credit assessment, to credit approval, exceptional approval, risk monitoring, credit review, non-performing loan management, and documentation.

In order to manage concentration risk, KGI Bank assesses changes in the external environment and the bearable risks of losses, and formulates credit limits such as national risks, industrial risks, group risks, and corporate risks. KGI Bank has been actively developing its quantitative risk assessment model based on different characteristics of various assets to evaluate customers' eligibility, default risks, risk-based pricing, and limit management. The model incorporates the use of both internal and external credit ratings to establish the credibility of borrowers, financial counterparties, and securities. The methodology and technology that the bank has adopted to develop internal ratings are similar to those used by internal credit rating agencies. Apart from internal ratings, the bank also applies high frequency monitoring to reflect customers' credit status, thereby allowing timely adjustment of risk limits and response to risks of potential losses.

The Risk Management Department provides regular portfolio risk reports to the Business Risk Committee, the Risk Management Committee, and the Board. The reports aim to monitor changes in asset quality by tracking credit risk indicators such as portfolio risk composition, non-performing loan ratios, loan loss ratios, etc. In addition, credit risk capital assessments and stress testing are also conducted on a regular basis.

Operational risk

The operational risk management organizational structure is composed of the Board of Directors, the Risk Management Committee/Operation Risk Management Committee and three lines of defense. The first line of defense, comprised of all operating units of KGI Bank, is responsible for verifying that the daily business activities/operations are in line with KGI Bank's operational risk management and internal control regulations; the second line of defense, comprised of the Risk Management Department, is responsible for coordinating the establishment of operational risk management structures by all units of KGI Bank and implementing operational risk identification, assessment, and control processes. The third line of defense, which is handled by the Audit Division, is responsible for reviewing the establishment of operational risk management processes and checking the compliance and implementation of each process.

KGI Bank has established Operational Risk Management Guidelines and operational risk management tools related to the implementation of operational bank-wide risk identification, assessment, and control matters, on which KGI Bank conducts identification, assessment, and control of operational risks, mainly through three management tools – operational risk self-assessment, operational risk event notification, and key risk indicator control. Among them, the self-assessment of operation risk needs to quantify the degree of potential loss and the probability of occurrence of each risk factor in order to demonstrate the degree of operational risk of each unit and the completeness of the control process; operational risk events need to be categorized, according to seven event types and eight major businesses, into a loss database for statistical analysis; key risk indicators are quantified through monitoring and warning thresholds. The results are regularly reported to the KGI Bank Risk Management Committee/Operational Risk Management Committee and the parent company's Risk Management Committee.

Liquidity risk

In addition to making regular assessments and submitting reports about liquidity, KGI Bank also

keeps track of changes in liquidity ratios and evaluates the stability of various funding sources to anticipate liquidity positions. These assessments help KGI Bank adjust its asset allocation or funding strategies.

(3) KGI Securities

Market risk

KGI Securities has implemented market risk management policies, product guidelines, and followed the company's appetite for risk to allocate market risk (economic) capital. Market risk limits have been established and are monitored on a daily basis to keep risks within controllable levels.

KGI Securities uses MSCI Risk Manager to achieve quantitative management of market risks. This system has the capability to take all of the company's positions into consideration and produces daily analyses covering anything from equity risks to interest rate risks and exchange rate risks. The calculations are used to adjust parameters for various derivative models. Meanwhile, the Risk Management Department monitors market risk limits of individual business departments on a daily basis to ensure proper management of annual risk appetite.

To ensure the credibility of predictions made, the VaR model is regularly validated by the Risk Management Department through back testing exercises. In addition, the Risk Management Department performs stress testing and scenario analyses using a variety of scenarios to determine the company's risk tolerance.

Credit risk

KGI Securities applies different credit risk assessment methods depending on the issuer's or counterparty's credit rating, the nature of the transaction, or the product type involved. Credit risk limits are set based on the company's credit risk capital, net worth, and concentration of exposure, among other factors. Counterparties' credit standing, holding positions, and collaterals are reviewed on a regular basis; utilization of credit limits is reported regularly to the relevant departments and senior management.

The company may convert external ratings into internal ratings when evaluating the credit status of its counterparties or traded instruments. The company recognizes external ratings published by: TCRI, Taiwan Ratings, S&P, Moody, and Fitch; these ratings are converted to correspond to the company's internal ratings of 1-9. External ratings of counterparties and securities are constantly updated, with credit limits adjusted accordingly to reflect the change in credit.

The Risk Management Department applies to the Board for credit risk capital on a yearly basis. In addition to setting limits on expected losses for the entire company, individual grades, and individual subsidiaries, the company sets limits on counterparties' pre-settlement risks (PSR) and concentration in terms of country, industry, single counterparty, single group, high-risk industries, and high-risk groups. Through daily monitoring of credit risk exposures and changes in counterparty/security risks, the company is able to maintain control over the use of credit limits and hence manage credit risks.

Operational risk

Each department within KGI Securities is responsible for managing operational risks. From authorization, process flow to execution, each department is required to comply with the principle of segregated duties and independence. Operational risk management covers a wide range of internal controls including data security, information maintenance, clearing and settlement, trade confirmation, report preparation, segregation/division of responsibilities, and related party

transactions.

Any operational risks that arise in relation to a department's business activities are checked and controlled by each department. To achieve effective operational risk management, the Audit Department is responsible for ensuring that all practices conform to the company's procedural and control guidelines.

All departments are required to comply with the company's Exceptional Event Reporting Rules in the occurrence of any exceptional events. Upon being notified, the Audit Department will evaluate the event and escalate it to the Chairperson and CDF's Internal Audit Department for more effective management of operational risk losses. If a major risk event happens to any unit of KGI Securities during business execution, the unit shall proceed abiding by CDF's Rules of Major Risk Event Notification and the company's Exceptional Event Reporting Rules.

(4) CDIB Capital Group.

Principal investment risk

In order to improve control over business risks and comply with the regulations issued by the competent authority, CDIB Capital Group has established Guidelines for Business Risk Control and related measures to manage the company's business risks. It has set relevant risk limitations for its investment business: single company, single-affiliated company, single industry, individual overseas country, and mainland China. Through daily and monthly control reports, CDIB Capital Group (and its 100% subsidiaries) regularly review its investment portfolio and ensure that all indicators of risk limitation of its principal investment business, such as single enterprise, single group, single country, single industry, and high-risk industries, all comply with regulations and internal guidelines.

Venture Capital / Private Equity funds risk

In order to actively develop the fundraising and management business of equity funds (including venture capital and private equity funds), CDIB Capital Group has formulated the Equity Fund Raising and Management Policy. The Policy sets compliance guidelines for fundraising and managing activities in an effort to further increase recurring income, reduce earnings volatility, and manage the risk of its VC/PE portfolios.

Regarding the control and management of funds raised externally, the investment balances of funds such as CDIB Capital Creative Industries, CDIB Capital Healthcare Ventures, CDIB Private Equity (Fujian) Enterprise, CDIB Yida Private Equity (Kunshan) Enterprise, Alibaba Taiwan Entrepreneurs Fund, CDIB Capital Innovation Accelerator, CDIB Capital Growth Partners, CDIB Capital Asia Partners, CDIB Capital Global Opportunities Fund, CDIB Yida Healthcare Private Equity Enterprise, and CDIB Capital Healthcare Ventures II, are regularly reviewed for compliance with the respective fund contracts, which have specific limitations for single stock investment, existing stock investment, investment phases, invested industries, and invested regions.

Operational risk

CDIB Capital Group follows Operational Risk Management Guidelines and policies to manage operational risks. The risk management system enables segregation, independence, and accountability of employees' duties, while making sure that audit trails can be verified in a feasible manner.

Operational risks are managed primarily using an RCSA system, an event reporting system, and a risk indicator control system. The RCSA system requires quantification of expected losses and probability of occurrence for every risk factor; the operational event reporting system requires

calculation of financial as well as non-financial losses; whereas the risk indicator system also uses quantified information to monitor and activate alerts.

CDIB Capital Group has been executing internal controls and audits in compliance with the authority's demands, and is constantly improving its operation to minimize operational risks.

Liquidity risk

CDIB Capital has formulated a Capital Utilization Policy to strengthen its financial dispatch, effectively control capital allocation, improve the efficiency of capital utilization, and reduce related operational risks. In the case of an overall stable market, in addition to liquidity risk monitoring, related management measures, and the need to maintain daily operations, the capital dispatch unit shall pay attention to cash flow changes and report to the Finance Department of CDF, so that the parent company can gain the overview of the Group's capital status. The operation management unit shall submit relevant reports for review by the CFO and CEO. In addition, through indicators of financial structure control and capital utilization liquidity risk control, relevant monitoring is conducted to properly maintain the CDIB Capital's liquidity

7.6.3 Financial impacts and responsive measures in the event of changes in local and foreign regulations

1. Amendment to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies (promulgated on February 13, 2020)

CDF amended its Corporate Social Responsibility Best Practice Principles for CDF accordingly, which were approved by the Board of Directors on March 30, 2020.

2. Amendment to the Corporate Governance Best Practice Principles for Financial Holding Companies (promulgated on February 13, 2020)

CDF amended its Corporate Governance Best Practice Principles for CDF accordingly, which were approved by the Board of Directors on June 29, 2020.

3. Amendment to the Sample Template for XXX Co., Ltd. Remuneration Committee Charter (promulgated on June 3, 2020)

CDF amended its Remuneration Committee Charter accordingly, which was approved by the Board of Directors on July 27, 2020.

4. Amendment to the Regulations Governing Scope, Reporting Procedures, and other Compliance Matters of Material Contingencies to be Reported by Financial Institutions (promulgated on November 16, 2020)

CDF amended and promulgated its Regulations Governing the Response to Material Contingencies accordingly on December 31, 2020.

7.6.4 Financial impacts and responsive measures in the event of technological or industrial changes

1. Promote digital transformation and integrate group resources to optimize cross-selling performance

With the age of financial technology setting in, CDF continues to promote digital transformation of all subsidiaries. To promote digital transformation in the organization, China Life has upgraded digital and mobile customer support across all outlets, including mobile insurance and mobile notification; it has also introduced AI to business processes, from application review and verification, claims, to customer services, offering 24/7 customer support online. Big data analytics has also been used to facilitate the decision-making process. Since 2020, KGI Securities has upgraded its networking hardware and trading systems in response to the implementation of continued trading on the TWSE and TPEx; it also launched a new mobile trading system, “Mobile eStrategy,” for investors to manage their investment portfolios and wealth. KGI Bank continues to improve the application of digital technologies and launch financial technology products and services. Through Open Banking, KGI Bank links out to other financial services and strategic partnerships, allowing users to access financial services outside of banks. This helps increase its customer loyalty. In addition to online applications for digital saving accounts, credit cards, and loans, KGI Bank has adopted biometric authentication (face/fingerprint/image ID) for quick login to mobile banking. In 2020, KGI Bank launched “payment transfers via mobile phone,” enabling customers to transfer funds quickly, and introduced Robotic Process Automation (RPA) to improve operational efficiency and management. In addition to integrating group resources to optimize cross-selling performance, CDF continues to apply financial technology in risk management, after-sales marketing, recruitment, and beyond. With its combination of group resources and financial technology, CDF expects to bring new perspective into the organization and jointly develop a digital platform.

2. Shift investment focuses to emerging technology, digitization, and green energy

Given the dwindling profitability in the tech OEM space, CDF is also shifting its tech-oriented investment strategy by increasing its exposure to digital content, biotechnology, healthcare, consumption, the creative industry, green energy (including wind power), digital finance, blockchain and more in addition to the semiconductor industry and 5G, placing research interest and investment focus on these new themes. CDF also intends to engage selective emerging market themes given the economic rise in these areas. The direct investment business is being transformed into an asset management-based model that hones in on raising and managing equity funds as it continues to grow AM business and expand fund AUM of fund portfolios to reduce and diversify risks. KGI Securities, KGI Bank, and KGI SITE are also expanding their scale and scope of wealth management business by rolling out more diverse quality financial products and services such as equities, bonds, ETFs, and funds.

3. Be committed to sustainability, corporate governance responsibilities, and innovative financial-inclusion initiatives

To put the Principles for Responsible Investment (PRI) and the Sustainable Development Goals (SDGs) into practice, China Life and CDIB Capital Group have drafted responsible investment policies, taking ESG issues into account when carrying out investment analysis and deciding on investment targets. Thanks to these effort, CDF continues to rank among the top companies for sustainability initiatives at home and abroad. In the future, the Company will bring together the resources and advantages of China Life, KGI Bank, KGI Securities, KGI Venture Capital, and other subsidiaries to make improvements in sustainable development. While keeping abreast of international trends in sustainability, the Company will continue fulfilling corporate governance, and its commitments to green finance and social care. With service innovation being the core of our business, the Company will continue providing quality and inclusive financial services in order to help solve the pain points that customers experience with traditional service providers.

7.6.5 Impacts and responsive measures in the event of change in corporate image of the financial holding company and subsidiaries

The Company adopts a robust internal control system as well as the use of spokesperson and acting spokesperson. Upon discovery of any media coverage that does not conform to the underlying truth and is likely to compromise the image of the Company or its subsidiaries, the Company will notify the TWSE immediately to host a press conference and clarify any misreported facts. After the press conference, information will be updated to the MOPS as required by law.

7.6.6 Expected benefits, risks and responsive measures of planned mergers or acquisitions (M&A)

Expected benefits include: business diversity, comprehensive service to customers, exposure to broader markets and opportunities, cost reduction through scaled economy, full integration of resources, and improved competitiveness.

Mergers/acquisitions may be prone to a number of risks such as high costs, inaccurate financial information, different M&A practices and laws adopted in other parts of the world, obstacles in business integrations, and inability to realize the expected benefits. Responsive measures that can be taken to minimize risks and increase yields from an M&A project include: active control over price range, extensive research to the financial status of the acquired, understanding of local commercial practices and laws, and execution of necessary reforms, training and reorganization after the merger/acquisition is completed.

7.6.7 Risks and responsive measures associated with concentration of business activities

As a diversified financial holding company with business units across life insurance, commercial banking, securities, and venture capital/private equity, and each with their own business models, risks associated with individual subsidiaries within the Company's portfolio are offset or diversified in terms of product category, target, region, and period. Having this business structure will help counter the impacts of a global recession and escalatory risks of particular segments. To stay up to date on the Company's appetite for risk, the Company has set quota caps to limit engagement in each country, sector, industry, and client, and implements a stop-loss control process across products to further address business concentration risks.

7.6.8 Impacts, risks, and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 1% ownership interest

The Company's shares are held by a diverse group of shareholders. No single shareholder owns any significant percentage of the Company, therefore no transfer of shareholding by any director or major shareholder with more than 1% ownership interest would result in any significant change in shareholding structure, and neither would the transaction pose any immediate impact or risk to the Company.

7.6.9 Impacts, risks and responsive measures associated with a change of management

The Company's management is fairly stable and is not prone to any significant changes.

7.6.10 Litigious and Non-Litigious Matters:

Major litigious, non-litigious and administrative disputes are listed below. Such disputes: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappeasable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

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On December 19, 2012, Chinatrust Commercial Bank and Shanghai Commercial & Savings Bank (collectively referred to as the "Plaintiffs") claimed that the third mortgage (the "Disputed Mortgage") that Prince Motor Co., Ltd. ("Prince Motor") and Prince Investments Ltd. ("Prince Investments") had placed upon Dunnan Prince Building (the "Disputed Property," which was jointly owned by Prince Motor and Prince Investments) in September 2007, to secure a payment obligation of up to NT\$

1,950,000,000 in favor of KGI Bank, was made without consideration and therefore an act detrimental to the other creditors. The Plaintiffs requested to revoke the Disputed Mortgage and remove the registration thereof. Given the fact that the Disputed Property was already entrusted to United Real Estate Management Co., Ltd. ("URMC") in January 2008, the Plaintiffs further demanded to have KGI Bank return NT\$ 1,786,318,000 received from the disposal of the Disputed Property back to URMC. On February 14, 2014, Taipei District Court ruled to revoke the Disputed Mortgage and that KGI Bank was liable to pay NT\$ 1,786,318,000 to URMC. Upon KGI Bank's appeal, the ruling was overturned by Taiwan High Court on July 26, 2017 (i.e. KGI won the case on all counts). The Plaintiffs later appealed to the Supreme Court which reversed and remanded the case to the High Court for a new trial on October 31, 2018, and the case is currently before the High Court.

◎ **KGI Securities**

On September 24, 2002, investor Huang brought certificates of 11,000,000 shares of Jen-Hsin Securities Co., Ltd. ("JHSC") to JHSC's stock affairs department in an attempt to have them transferred to a third party; but because of incomplete documentation, the transfer could not be completed and the share certificates were placed under temporary custody of the stock affairs department. These share certificates were later taken away by JHSC's Vice President Yang. JHSC applied to court for an injunction on November 6, 2002 ordering Yang to surrender the shares. The application turned into litigation as Yang repudiated. After acquiring JHSC, KGI Securities assumed the case and notified Huang to join the litigation. On August 29, 2003, Taipei District Court ruled against KGI Securities (referred to as "Initial Decision" below), which KGI Securities accepted without appeal. Huang was dissatisfied with the decision and filed a lawsuit in July 2004 against Yang and KGI Securities (as joint defendants) in an attempt to revert the Initial Decision and recover the misappropriated share certificates or NT\$ 90,379,000 plus statutory interest should the defendants fail to return the share certificates. On March 24, 2006, Taipei District Court ruled in favor of KGI Securities, which Huang disagreed and appealed to the decision. This case was remanded by the Supreme Court and was reviewed by Taiwan High Court. In the meantime, Huang changed claims to have KGI Securities pay a sum of NT\$ 90,379,000 plus interest accruing from July 22, 2004 to September 21, 2009, on the basis that the Initial Decision was final and KGI Securities could no longer recover shares from Yang. Alternatively, Huang claimed for 2,000,000 shares of JHSC and a sum of NT\$ 73,946,000 plus statutory interest was made against Yang and KGI Securities. The case was again remanded to Taiwan High Court for the sixth time, and on May 21, 2019, the Court ruled that KGI Securities should pay NT\$90,379,000 to Huang while Huang assigns the rights of claims for returning possession and damages in tort against Yang to KGI Securities owing to losing possession of JHSC's stocks and simultaneously dismissed Huang's remaining appeals. Then, KGI Securities has filed an appeal against the sixth-time decision of Taiwan High Court to the Supreme Court. The Supreme Court overturned the judgement in the seventh trial and remanded the case to Taiwan High Court for retrial. The case is currently before the High Court.

◎ **CDIB Capital Management Corporation ("CCM", previous name: CDIB Private Equity Corporation)**

On November 12, 2013, CCM (previously known as "CDIB Private Equity Corp.") received a brief of complaint from Securities and Futures Investors Protection Center (SFIPC), claiming that Powercom Co., Ltd. ("PCM") had misstated or omitted information in financial statements dated between 2009 first quarter and 2011 third quarter as a result of negligence by CCM's director representatives at PCM

(two director representatives were appointed during this time). SFIPC then held CCM jointly responsible for PCM's release of false financial information that resulted in investors' losses, and thus made a claim of NT\$ 592,648,000 plus statutory interest against CCM, PCM and the two directors. The New Taipei District Court ruled against part of CCM's claims, i.e., CCM and the appointed director representatives jointly pay NT\$31,010,000 with the interest calculated at 5 % per annum from November 13, 2013 to the date of payback, and therefore, CCM has filed an appeal against the decision of New Taipei District Court, and the appeal is currently before the High Court.

7.6.11 Other key risks and responsive measures

In response to escalating cyber security risks, the Company voluntarily joined the Financial Information Sharing and Analysis Center (F-ISAC) in 2018 to improve internal data security protections through the sharing and assessment of information security threat intelligence. Through the adoption of relevant procedures for handling material information, employees and supervisors periodically receive reminders about the appropriate disclosure of material information as required by law, in addition to relevant legal information.

For more detailed information, please refer to 5.7.3 Emergency backup and security measures.

7.7 Risk Management and Response Mechanism

In addition to the Procedures for Critical Contingency Response, formulated in accordance with relevant regulations, the Company has adopted Directions for Critical Disaster Response in order to maintain business continuity. The Company also supervises each subsidiary to establish safety maintenance and disaster-related operation specifications to serve as a basis for crisis management.

KGI Bank has developed Operational Crisis Response Procedures and Emergency Response Procedural Guidelines, and has established an operational crisis response team and an emergency response team to handle crises and emergencies, respectively. KGI Bank conducts annual training drills on various disaster emergency scenarios and related operational risks to the company. The company's goals are to ensure continued business operations, to minimize any potential losses to the bank and its clients, and to affect a rapid return to normalcy in the wake of an emergency event.

As for KGI Securities, its Disaster Recovery Action Plan stipulates that all operations establish their own disaster and safety emergency management and recovery task forces and procedures that aim to protect employees and local residents, safeguard corporate assets, and support a return to normal operations in a timely manner. In the event of natural and man-made disasters, members of said task forces will be called promptly to take action.

CDIB Capital Group has established Guidelines for Handling Natural or Accidental Incidents. The Operations and Corporate Services Dept. is in charge of coordinating with all internal departments on the implementation of safety maintenance. In addition to keeping abreast of changes in disaster circumstances, it also keeps in close contact with the local police precinct. These precautionary liaison measures ensure a swift, specific response to a crisis or disaster.

7.8 Other Major Events

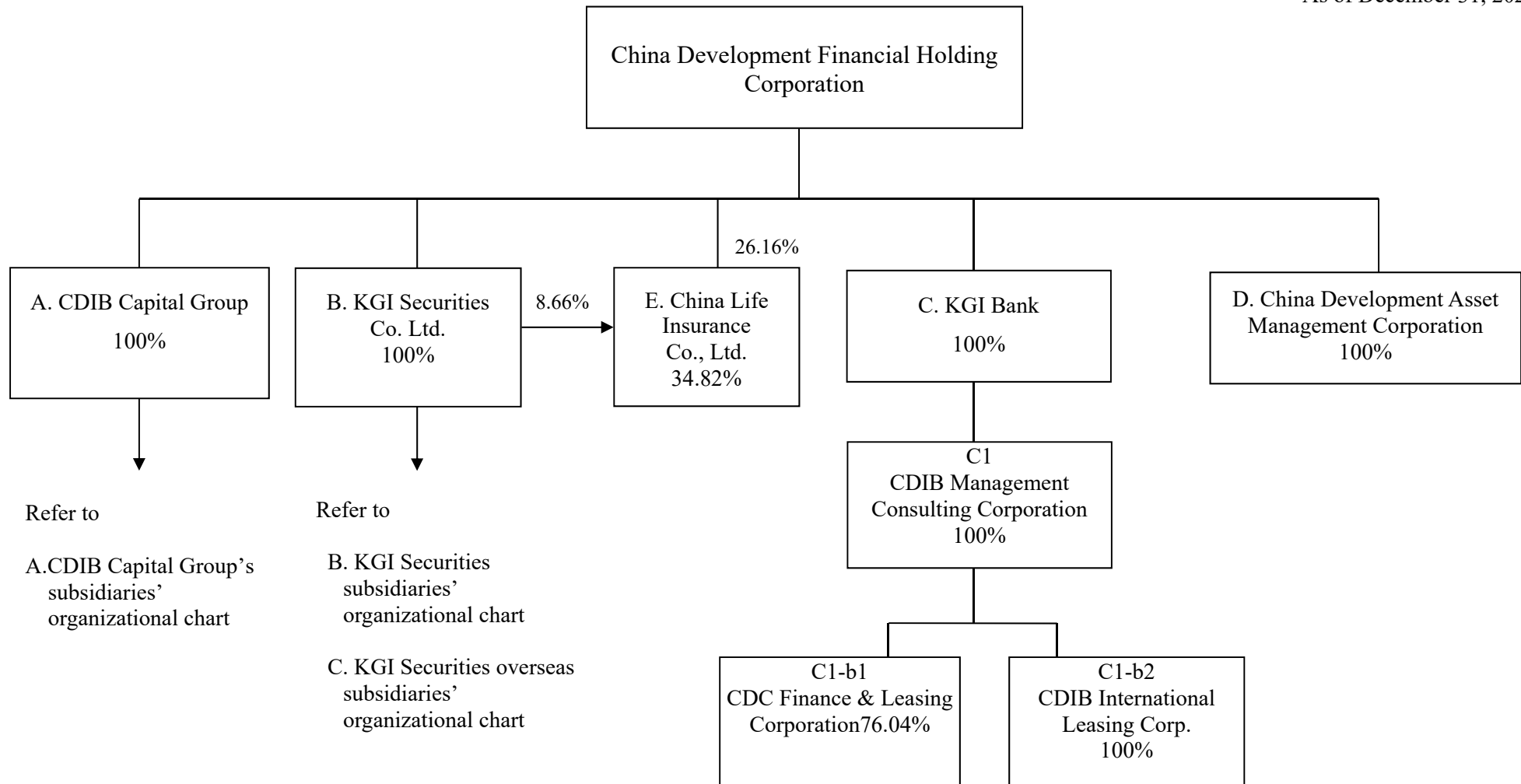
None

VIII. Special Disclosure

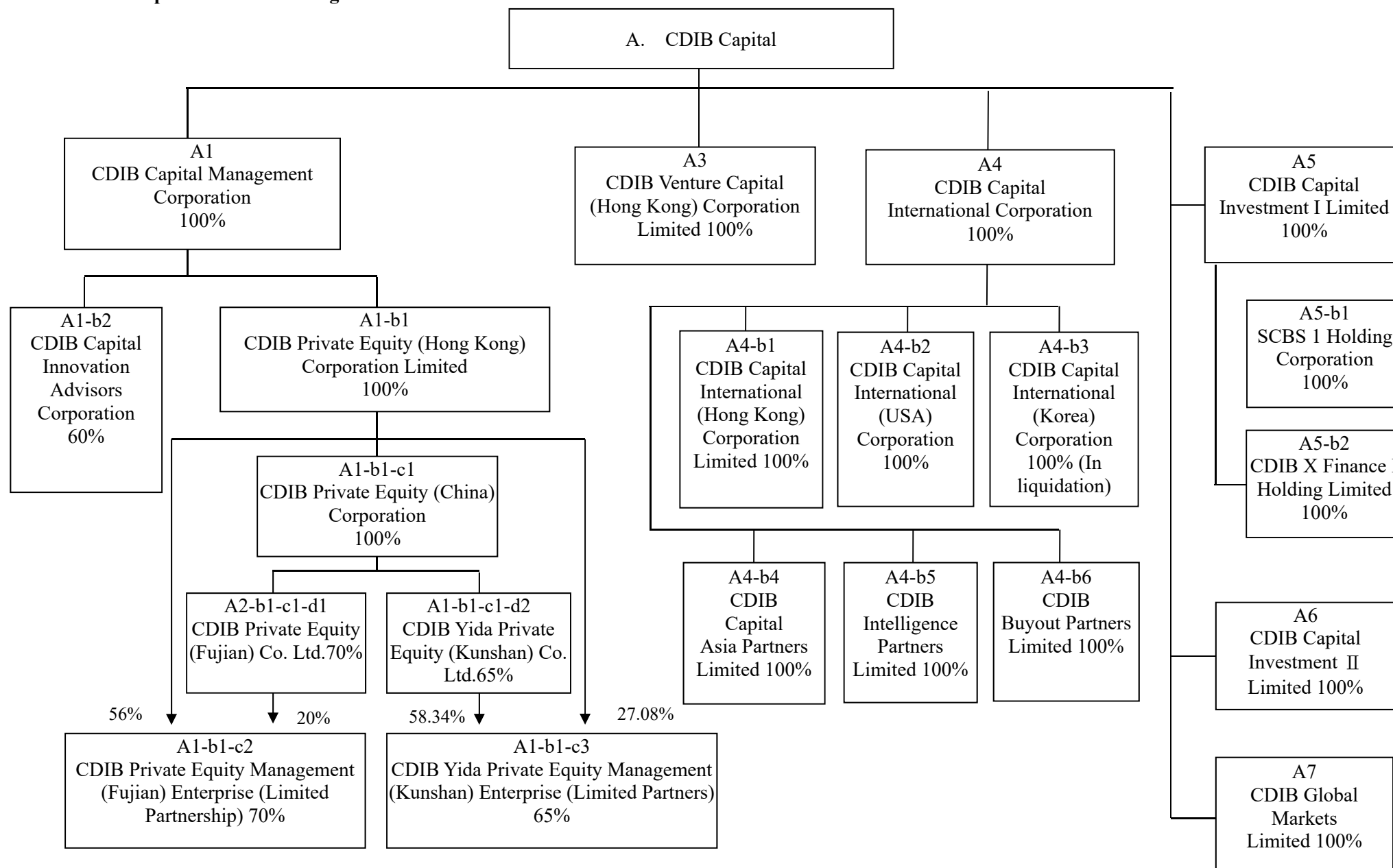
8.1 Summary of Affiliated Companies

8.1.1 Organizational Chart

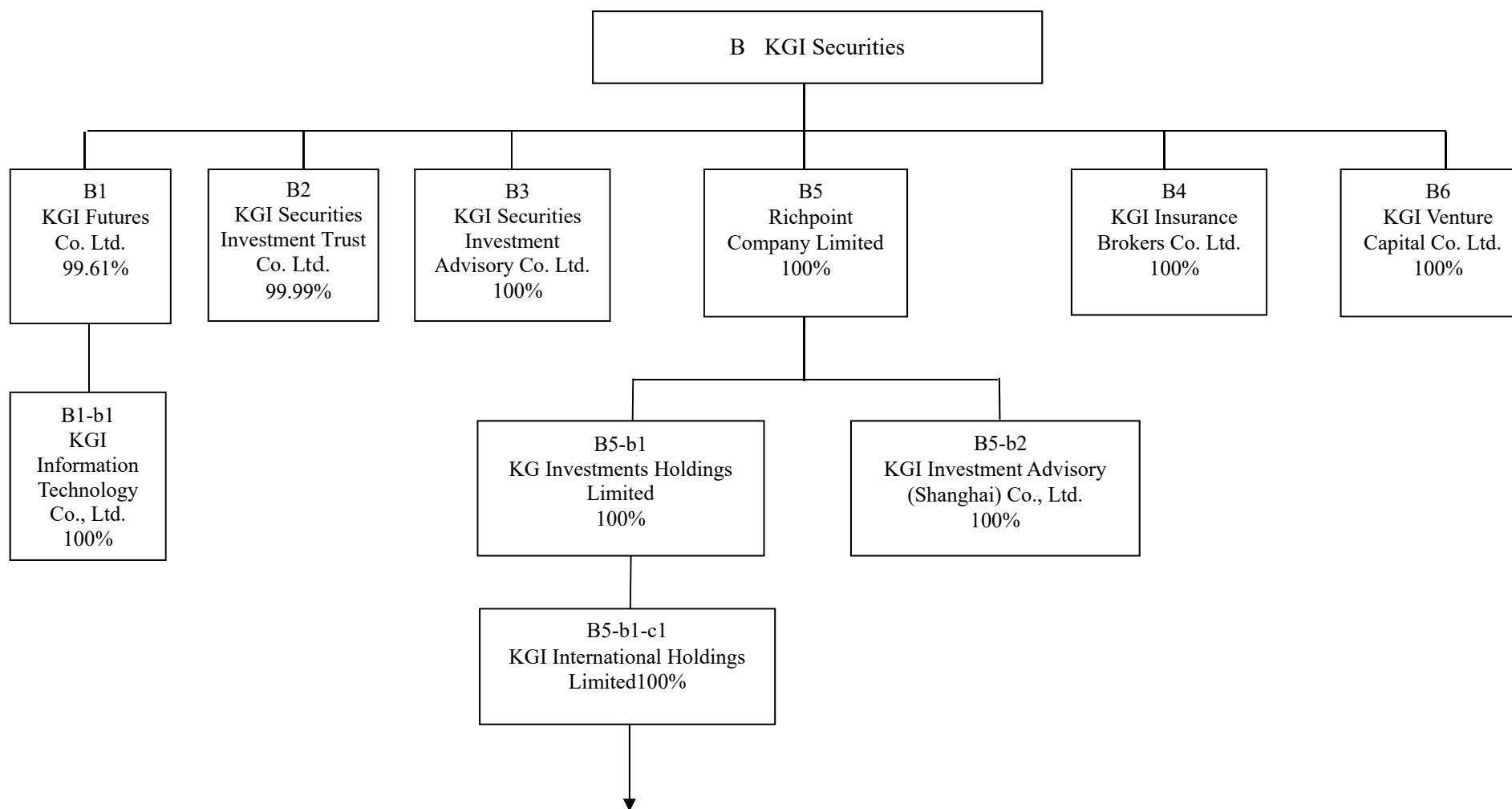
As of December 31, 2020



A. CDIB Capital subsidiaries' organizational chart

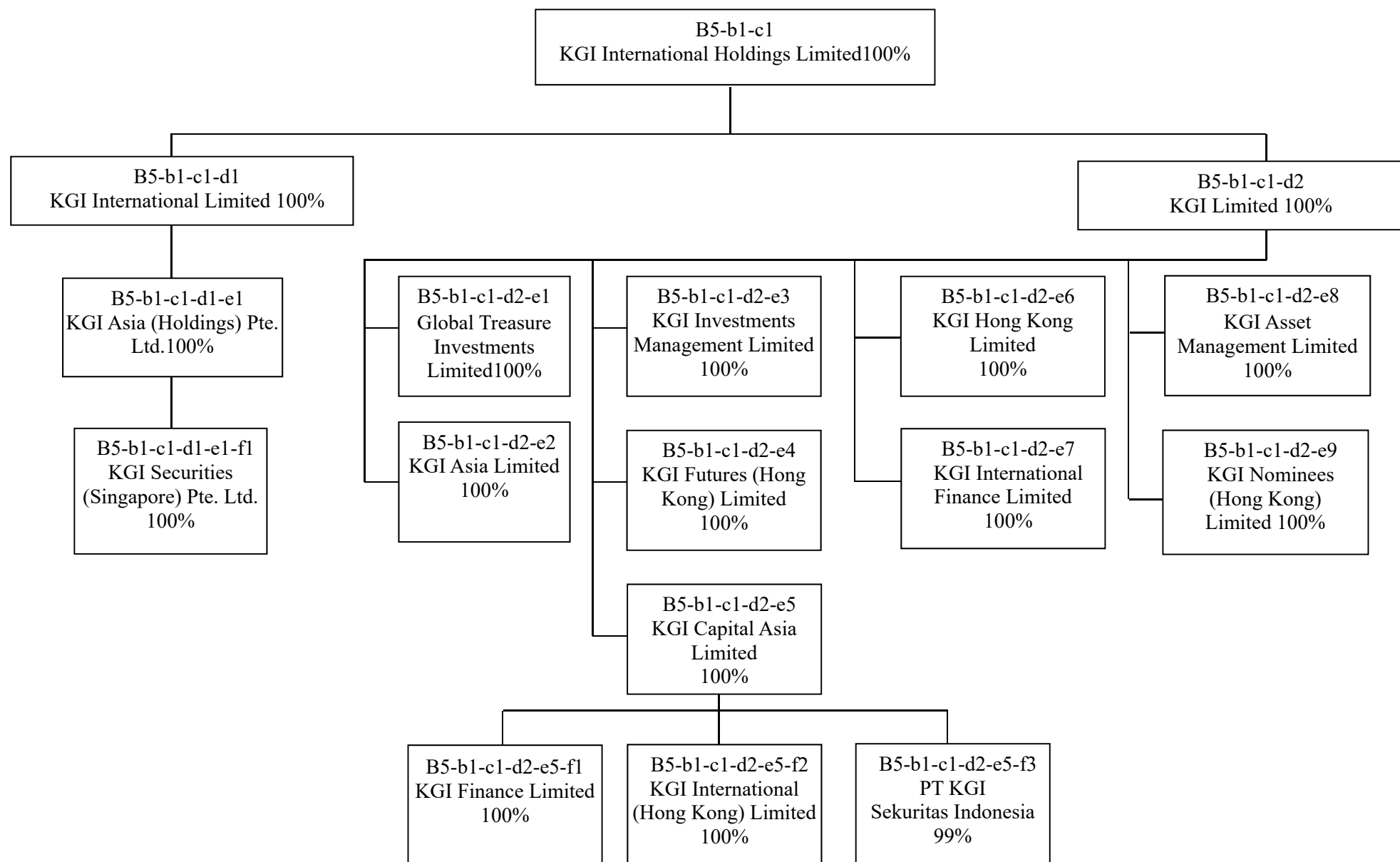


B. KGI Securities subsidiaries' organizational chart



Go to next page

C. KGI Securities overseas subsidiaries' organizational chart



8.1.2 Backgrounds of affiliated enterprises

◎ China Development Financial Holding Corporation

December 31, 2020

Unit : NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A	CDIB Capital Group	1959.05.14	No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	20,411,159	Venture Capital	
B	KGI Securities	1988.09.14	No. 700, Mingshui Rd., Taipei City, Taiwan	34,363,397	Financial Services	
C	KGI Bank	1992.01.14	No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	46,061,623	Commercial Bank	
D	China Development Asset Management	2003.11.05	7F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	1,133,600	Financial Institution Creditor's Right(Money) Purchase & Management	
E	China Life Insurance	1963.04.25	5F, No.122, Dun Hua N. Rd., Songshan Dist., Taipei City, Taiwan	47,313,972	Life Insurance	

◎ CDIB Capital Group

December 31, 2020

Unit : NT\$1,000/US\$1,000/HKD\$1,000 /RMB\$1,000 (When otherwise stated)

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A1	CDIB Capital Management Corporation	2001.01.03	No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	230,939	Management Consulting	
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	2014.01.29	Hong Kong	HKD 51,900	Management Consulting	
A1-b1-c1	CDIB Private Equity (China) Corporation	2012.01.16	Shanghai, China	USD 7,000	Management Consulting	
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	2013.05.31	Fujian Province, China	RMB 10,000	Fund Management	
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co. Ltd.	2014.07.04	Kunshan, China	RMB 7,000	Fund Management	
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	2013.07.05	Fujian Province, China	RMB 12,000	Fund Management	
A1-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	2014.11.03	Kunshan, China	RMB 12,000	Fund Management	

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A1-b2	CDIB Innovation Advisors Corporation Limited	2015.12.10	11F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	20,000	Management Consulting	
A2	CDIB Venture Capital Corporation	2002.03.05	11F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	4,762,134	Venture Capital	
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	2011.02.22	Hong Kong	HKD 1,010,000	Venture Capital	
A4	CDIB Capital International Corporation	2009.05.11	Cayman Islands	USD 4,700	Private Equity Advisory Services	
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	2009.06.15	Hong Kong	HKD 15,400	Private Equity Advisory Services	
A4-b2	CDIB Capital International (USA) Corporation	1997.07.14	New York, USA	USD 0.8	Private Equity Advisory Services	
A4-b3	CDIB Capital International (Korea) Corporation	1997.01.29	Seoul, Korea	KRW 2,788,390	Private Equity Advisory Services	Note
A4-b4	CDIB Capital Asia Partners Limited	2014.03.21	Cayman Islands	USD 0.1	Private Equity Advisory Services	
A4-b5	CDIB Intelligence Partners Limited	2020.2.28	Cayman Islands	USD 0.0	Private Equity Advisory Services	
A4-b6	CDIB Buyout Partners Limited	2020.11.10	Cayman Islands	USD 0.0001	Private Equity Advisory Services	
A5	CDIB Capital Investment I Limited	1996.12.27	British Virgin Islands	USD 132,800	Investment	
A5-b1	SCBS 1 Holding Corporation	2019.03.25	Delaware, USA	USD 0.00358	Investment Holding	
A5-b2	CDIB X Finance I Holding Limited	2020.9.2	Cayman Islands	USD 0.5	Investment Holding	
A6	CDIB Capital Investment II Limited	2002.09.03	British Virgin Islands	USD 45,000	Investment	
A7	CDIB Global Markets Limited	1999.07.06	British Virgin Islands	USD 85,282	Investment	

Note: 2020.12.31 CDIB Capital International (Korea) Corporation's shareholders meeting passed the dissolution.

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
B1	KGI Futures Co. Ltd.	1993.12.08	F6, F12-13, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	1,159,393	Future
B1-b1	KGI Information Technology Co., Ltd.	2015.11.12	F12, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	50,000	Management Consulting, Software Design, Data Processing and Digital Information Supply Services
B2	KGI Securities Investment Trust Co. Ltd.	2001.04.19	No. 698, Mingshui Rd., Taipei City, Taiwan	300,000	Securities Investment Trust, Discretionary Investment Business
B3	KGI Securities Investment Advisory Co. Ltd.	1996.12.19	1F, No. 700, Mingshui Rd., Taipei City, Taiwan	50,000	Securities Investment Advisory, Discretionary Investment Business
B4	KGI Insurance Brokers Co. Ltd.	2003.03.13	7F, No. 700, Mingshui Rd., Taipei City, Taiwan	5,000	Life / Property Insurance Brokerage
B5	Richpoint Company Limited	1996.10.18	British Virgin Islands	USD 147,044	Holding Company
B5-b1	KG Investments Holdings Limited	1996.11.05	Cayman Islands	USD 156,864	Holding Company
B5-b1-c1	KGI International Holdings Limited	2000.04.20	Cayman Islands	USD 209,248	Holding Company
B5-b1-c1-d1	KGI International Limited	1997.03.24	British Virgin Islands	USD 81,512	Holding Company
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	1997.09.25	Singapore	USD 75,749	Holding Company
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	2015.01.30	Singapore	SGD 137,528	Securities
B5-b1-c1-d2	KGI Limited	1997.03.24	British Virgin Islands	USD 389,239	Holding Company
B5-b1-c1-d2-e1	Global Treasure Investments Limited	1999.04.12	Hong Kong	HKD 0.002	Investment
B5-b1-c1-d2-e2	KGI Asia Limited	1996.10.01	Hong Kong	USD 95,000	Securities
B5-b1-c1-d2-e3	KGI Investments Management Limited	1986.03.04	Hong Kong	HKD 41,931	Insurance Brokerage
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	1996.12.27	Hong Kong	USD 45,000	Future Brokerage, Clearing & Settlement
B5-b1-c1-d2-e5	KGI Capital Asia Limited	1993.06.23	Hong Kong	USD 207,963	Securities
B5-b1-c1-d2-e5-f1	KGI Finance Limited	1996.10.01	Hong Kong	USD 42,914	Investment & Financing

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	1997.02.21	Hong Kong	USD 190,000	Derivative
B5-b1-c1-d2-e5-f3	PT KGI Sekuritas Indonesia	2016.08.31	Indonesia	IDR 100,000,000	Securities
B5-b1-c1-d2-e6	KGI Hong Kong Limited	1996.10.01	Hong Kong	USD 15	Management Consulting
B5-b1-c1-d2-e7	KGI International Finance Limited	2000.08.30	Hong Kong	USD 10,000	Investment & Financing
B5-b1-c1-d2-e8	KGI Asset Management Limited	2014.12.22	Hong Kong	HKD 12,840	Asset Management
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	1994.07.19	Hong Kong	HKD 0.003	Trust
B5-b2	KGI Investment Advisory (Shanghai) Co. Ltd. (Note)	2013.11.25	Shanghai, China	USD 4,000	Investment Advisory
B6	KGI Venture Capital Co. Ltd.	2012.11.26	6F, No. 700, Mingshui Rd., Taipei City, Taiwan	700,000	Venture Capital
B7	Global Corporation	1995.05.04	17F, No.54, Sec. 2. Keelung Rd., Taipei City, Taiwan	4,000,000	Investment Advisory, Management Advisory

Note: KGI Investment Advisory (Shanghai) Co., Ltd. applied for closure and was approved by the competent authorities in Taiwan on July 16, 2020, pending approval by the local authorities.

◎ **KGI Bank**

December 31, 2020
Unit : NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
C1	CDIB Management Consulting Corporation	2011.7.22	3F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	1,531,719	Management Consulting
C1-b1	CDC Finance & Leasing Corporation	1996.05.01	5-6F, No. 224, Sec.3, Nanjing E. Rd., Taipei City, Taiwan	767,048	Leasing
C1-b2	CDIB International Leasing Corp.	2012.03.27	Kunshan, China	USD 30,000	Leasing

8.1.3 Common Shareholders among Controlling and Controlled Entities

None

8.1.4 Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report. Unit: shares;

◎ China Development Financial Holding

December 31, 2020

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A	CDIB Capital Group	Director / CDF	Angelo J.Y.Koo Shin Chen Lionel de Saint-Exupéry Shan-Jung Yu Melanie Nan Jamie Huang Paul Yang Shaio-Tung Chang William Ho	2,041,115,913	100
		Independent Director	Tyzz-Jiun Duh Jui-Te Yu Yin Jeng		
		President	William Ho		
B	KGI Securities	Director / CDF	Daw-Yi Hsu Falco Mi Howe Yong Lee Fortune Ju Jen-Hai Wang	3,436,339,736	100
		Independent Director	James Tai Wen-Yeu Wang Kai-Chieh Chia		
		President(proxy)	Wei-Chang Fang		
C	KGI Bank	Director / CDF	Mark Wei Amy Tsao Richard Chang Julian Yen Winnie Huang	4,606,162,291	100
		Independent Director	Lee-Rong Wang Tien-Cheng Lee Fu-Yung Chen		
		President	Amy Tsao		
D	China Development Asset Management Corporation	Director / CDF	Tien-Sung Lee Long-I Liao Kiki Shih	113,360,000	100
		Supervisor / CDF	Marisol Wang		
		President	Cheng-Hung Lin		
E	China Life Insurance	Director / CDF	Yu-Ling Kuo Shan-Jung Yu Kiki Shih	1,237,925,697	26.16
		Director / Tai li investment	Stephanie Hwang Tony T. M. Hsu		
		Independent Director	Johnson F.H.Huang Cheng Hsien,Tsai Da-Bai Shen Ming-Jung Lai		
		President	Stephanie Hwang	614,708	0.01 0.00

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A1	CDIB Management Consulting Corporation	Director / CDIB Capital Group Supervisor / CDIB Capital Group President	Sherie Chiu William Ho Melanie Nan Kathy Young Julian Yen Daw-Yi Hsu Lawrence Liu Frances Tsai Cathy Han Kathy Young	23,093,889	100
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	Director	Melanie Nan Sherie Chiu Kathy Young Frances Tsai Jenny Chiang	51,900,000	100
A1-b1-c1	CDIB Private Equity (China) Corporation	Director / CDIB Private Equity (Hong Kong) Supervisor / CDIB Private Equity (Hong Kong) President	William Ho Sherie Chiu Melanie Nan Kathy Young James Ho Cathy Han Jhen-Yu Wang Marisol Wang Kathy Young	None	100
A2-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	Director Supervisor President	Shin Chen Ching-Yen Tsay Kathy Young Hsu-Hui Huang Zuo Wang Julian Yen Daniel Tsou	None	70 30
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co. Ltd.	Director Supervisor President	James Ho William Ho Melanie Nan Wen-Lu Ying Chin-Po Yu Julian Yen Yen Lu		65 35
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	None	None	None	70 (Comprehensive shareholding ratio)
A2-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	None	None	None	65 (Comprehensive shareholding ratio)
A1-b2	CDIB Innovation Advisors Corporation Limited	Director / CDIB Capital Management Corporation	Sherie Chiu Kathy Young Melanie Nan	1,200,000	60
		Director /Meet Digital Innovation Co., Ltd.	Hung-Tze Jan Katie Chen	800,000	40
		Supervisor President	Cathy Han Ryan Kuo	0	0

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A2	CDIB Venture Capital Corporation	Director / CDIB Capital Group Supervisor / CDIB Capital Group President	Sherie Chiu Eddy Chang Kathy Young Frances Tsai Jenny Chiang Marisol Wang Kathy Young	476,213,353	100
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	Director President	Frances Tsai Eddy Chang Kathy Young Kathy Young	1,010,000,000	100
A4	CDIB Capital International Corporation	Director President	Angelo J.Y.Koo Sherie Chiu Melanie Nan Frances Tsai Jenny Chiang Lionel de Saint-Exupery Lionel de Saint-Exupery	4,700,000	100
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	Director	Angelo J.Y.Koo Sherie Chiu Melanie Nan Frances Tsai Jenny Chiang Lionel de Saint-Exupery Hamilton Tang	15,400,000	100
A4-b2	CDIB Capital International (USA) Corporation	Director	Melanie Nan Christy Lin Joe Hung Lisa Guo Pietro Cinquegrana Lionel de Saint Exupery	8,000,000	100
A4-b3	CDIB Capital International (Korea) Corporation	Director Supervisor Representative Director	Melanie Nan Hyun Yong Kim Lionel de Saint-Exupery Frances Tsai Hyun Yong Kim	557,678	100
A4-b4	CDIB Capital Asia Partners Limited	Director	Sherie Chiu Melanie Nan Jenny Chiang Lionel de Saint-Exuper	100	100
A4-b5	CDIB Intelligence Partners Limited	Director	Melanie Nan Gary Fung Lionel de Saint-Exupery	1	100
A4-b6	CDIB Buyout Partners Limited	Director	William Ho Melanie Nan Alex Ying	1	100
A5	CDIB Capital Investment I Limited	Director	Sherie Chiu Melanie Nan Frances Tsai Christy Lin Lionel de Saint Exupery	132,800,000	100
A5-b1	SCBS 1 Holding Corporation	Director	Grant Chuan Lin Siyuan Zheng	3,578	100

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A5-b2	CDIB X Finance I Holding Limited	Director	Amy Shan Phoebe Teng	500	100
A6	CDIB Capital Investment II Limited	Director	Sherie Chiu Melanie Nan Frances Tsai Christy Lin Lionel de Saint-Exupery	45,000,000	100
A7	CDIB Global Markets Limited	Director	Christy Lin Lisa Guo Kathy Young Frances Tsai Lionel de Saint-Exupery	339,392	100

Note : All representatives do not have any personal shareholding.

◎ **KGI Securities**

December 31, 2020

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B1	KGI Futures Co. Ltd.	Director Supervisor President	Falco Mi Shao-Ching Hung James Chen Yen-Chun Lin James Chen	115,486,886	99.61
B1-b1	KGI Information Technology Co., Ltd.	Director / KGI Futures Co. Ltd. Supervisor President	James Chen Yin-Ting Huang Yen-Chun Lin Shao-Ching Hung James Chen	5,000,000	100
B2	KGI Securities Investment Trust Co. Ltd.	Director Supervisor President	Albert Ding Ann Chang Jennifer Jiang Mei-Hui Hung Ann Chang	30,000,000	100
B3	KGI Securities Investment Advisory Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	Yen-Min Chu Steven Liao Alan Chang Chang-Ti Liu Yen-Min Chu	5,000,000	100
B4	KGI Insurance Brokers Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	Frank Yang Chih-Cheng Cheng Yen-Chun Lin Kuei-Ling Lee Kuan-Yu Chen	500,000	100
B5	Richpoint Company Limited	Director	Daw-Yi Hsu Albert Ding Shao-Ching Hung	147,043,557	100
B5-b1	KG Investments Holdings Limited	Director	Daw-Yi Hsu Wong Hoe Choon Reddy	156,864,163	100
B5-b1-c1	KGI International Holdings Limited	Director	Jenny Huang Wong Hoe Choon Reddy	209,248,261	100

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B5-b1-c1-d1	KGI International Limited	Director	Wong Hoe Choon Reddy Teo Cheng Hoe Jenny Huang	81,511,716	100
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	Director	Wong Hoe Choon Reddy Ooi Bee Leng Teo Cheng Hoe Christopher	75,749,305	100
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd	Director	Falco Mi Teo Cheng Hoe Christopher Wong Hoe Choon Reddy Julian Yen Ong Seng Ken Ng Hwee Beng Lee Howe Yong	137,527,908	100
B5-b1-c1-d2	KGI Limited	Director	Jenny Huang Wong Hoe Choon Reddy Lin Patrick C	389,239,174	100
B5-b1-c1-d2-e1	Global Treasure Investments Limited	Director	Wong Hoe Choon Reddy	2	100
B5-b1-c1-d2-e3	KGI Asia Limited	Director	Chu Kuan Hsun Jenny Huang Wong Hoe Choon Reddy Lin Patrick C Lee Mei Ching Alva Chan Hin Geung Mark	95,000,000	100
B5-b1-c1-d2-e3	KGI Investments Management Limited	Director	Chan Hin Geung Mark Chu Kuan Hsun Wong Hoe Choon Reddy Jenny Huang Lee Mei Ching Alva	41,930,600	100
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	Director	Chu Kuan Hsun Lee Man Sik Falco Mi Wong Hoe Choon Reddy Lee Siu Lun	45,000,000	100
B5-b1-c1-d2-e5	KGI Capital Asia Limited	Director	Jenny Huang Lee Siu Lun Wong Hoe Choon Reddy Fan Ching Yee	207,962,769	100
B5-b1-c1-d2-e5-f1	KGI Finance Limited	Director	Jenny Huang Wong Hoe Choon Reddy Chan Hin Geung Mark	42,913,985	100
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	Director	Jenny Huang Wong Hoe Choon Reddy Lin Patrick C	190,000,000	100
B5-b1-c1-d2-e5-f3	PT. KGI Sekuritas Indonesia	Director	Antony Kristanto Robby Winindo Low Chung Kiat Albert Ding Pun Kin Wa Hery Adriawan Zainal	99,000	99
B5-b1-c1-d2-e6	KGI Hong Kong Limited	Director	Jenny Huang Wong Hoe Choon Reddy MOK Wai Yu Peggy	15,000	100

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
B5-b1-c1-d2-e7	KGI International Finance Limited	Director	Jenny Huang Wong Hoe Choon Reddy Choi Hoi Chung Jason	10,000,000	100
B5-b1-c1-d2-e8	KGI Asset Management Limited	Director	Chan Hin Geung Mark Wong Hoe Choon Reddy Julian Yen Chu Kuan Hsun Lee Mei Ching Alva	64,200	100
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	Director	Chu Kuan Hsun Wong Hoe Choon Reddy Chan Hin Geung Mark	3	100
B5-b2	KGI Investment Advisory (Shanghai) Co. Ltd. (Note)	Director Supervisor	Ming-Hsi Chiu Jocelyn Huang Shao-Ching Hung Yao-Min Chou	4,000,000	100
B6	KGI Venture Capital Co. Ltd.	Director / KGI Securities Supervisor / KGI Securities President	William Fang Jocelyn Huang Yao-Min Chou Shao-Ching Hung Chun-Che Chen	70,000,000	100

Note: Investment Advisory (Shanghai) Co., Ltd. applied for closure and was approved by the competent authorities in Taiwan on July 16, 2020, pending approval by the local KGI authorities. °

◎ **KGI Bank**

December 31, 2020

Index	Name of Company	Title	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
C1	CDIB Management Consulting Corporation	Director / KGI Bank Supervisor / KGI Bank	Amy Tsao Andy Lin Wen-Yan Hsu Kiki Shih	153,171,873	100
C1-b1	CDC Finance & Leasing Corporation	Director / CDIB Management Consulting Corporation Director Director / Pacific Resource Co. Ltd. Supervisor Supervisor President	J.M. Meng Andy Lin Winnie Huang Tony Lin Stanley Liu Jack Hung Jenny Huang Wen-Yan Hsu Andy Lin	58,328,460 0 17,179,987 0 0	76.04 0 22.40
C1-b2	CDIB International Leasing Corp.	Director / CDIB Management Consulting Corporation Supervisor / CDIB Management Consulting Corporation	Qian Lee Hua Andy Lin Wen-Yan Hsu Kiki Shih	none	100

8.1.5 Performance of affiliated enterprises:

◎ China Development Financial Holding Corporation

Date : December 31, 2020

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A	CDIB Capital Group	20,411,159	38,025,725	3,256,440	34,769,285	(704,604)	(1,217,888)	(1,055,416)	(0.52)
B	KGI Securities Co., Ltd.	34,363,397	274,032,246	202,172,138	71,860,108	14,923,303	4,496,515	8,725,325	2.54
C	KGI Bank Co., Ltd.	46,061,623	780,497,778	713,511,034	66,986,744	11,359,102*	11,359,102*	4,224,358	0.92
D	China Development Asset Management Corporation	1,133,600	1,685,582	228,142	1,457,440	177,444	94,321	123,658	0.63
E	China Life Insurance Co., Ltd.	47,313,972	2,219,711,848	2,040,054,643	179,657,205	323,248,432	15,704,820	15,547,836	3.29

Note*:It is "Net revenue".

◎ CDIB Capital Group

Date : December 31, 2020

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A1	CDIB Capital Management Corporation	230,939	698,029	201,983	496,046	245,898	35,400	34,591	1.50
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	190,836	340,850	410	340,440	26,922	26,193	26,197	-
A1-b1-c1	CDIB Private Equity (China) Corporation	199,986	1,448,925	1,170,712	278,213	57,031	29,638	28,714	-
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	43,819	128,683	39,171	89,512	59,199	17,418	15,496	-
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co., Ltd.	30,673	180,472	78,071	102,401	103,207	17,853	14,923	-
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	52,583	49,824	341	49,483	(2,307)	(2,837)	(2,664)	-
A1-b1-c3	CPEC Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	52,583	51,646	239	51,407	(880)	(1,153)	(1,073)	-
A1-b2	CDIB Capital Innovation Advisors Corporation	20,000	34,053	9,013	25,040	30,714	4,861	3,882	1.94
A2	CDIB Venture Capital Corporation	4,762,134	4,337,282	70,703	4,266,579	(133,734)	(211,609)	(193,721)	-
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	3,713,770	3,558,853	596	3,558,257	(103,776)	(104,612)	(75,708)	-
A4	CDIB Capital International Corporation	133,988	602,068	352,293	249,775	506,169	(178,241)	(161,837)	-

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	56,626	272,996	116,416	156,580	268,355	26,594	21,206	-
A4-b2	CDIB Capital International (USA) Corporation	23	117,484	33,793	83,691	83,138	6,865	10,651	-
A4-b3	CDIB Capital International (Korea) Corporation(liquidate)	73,184	44,863	5,660	39,203	0	(27,348)	(27,848)	-
A4-b4	CDIB Capital Asia Partners Limited	3	1,304	148	1,156	12	(564)	(564)	-
A4-b5	CDIB Intelligence Partners Limited (Note1)	0	0	0	0	0	0	0	-
A4-b6	CDIB Buyout Partners Limited (Note2)	0	0	0	0	0	0	0	-
A5	CDIB Capital Investment I Limited	3,785,862	6,882,634	6,927	6,875,707	(612,245)	(783,623)	(761,549)	-
A5-b1	SCBS 1 Holding Corporation	0	86,096	1,327	84,769	2,584	194	447	-
A5-b2	CDIB X Finance I Holding Limited	14	12,810	50	12,760	0	(1,551)	(1,549)	-
A6	CDIB Capital Investment II Limited	1,282,860	1,782,697	77,364	1,705,333	256,252	55,158	641,305	-
A7	CDIB Global Markets Limited	2,431,210	5,553,880	2,023	5,551,857	(521,956)	(699,614)	(684,911)	-

Note 1:CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2020.

Note 2: CDIB Buyout Partners Limited conducted registration establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of December 31, 2020.

© KGI Securities

Date : December 31, 2020

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B1	KGI Futures Co., Ltd.	1,159,393	38,821,967	34,776,788	4,045,179	2,377,232	315,730	603,343	5.2
B1-b1	KGI Information Technology Co., Ltd.	50,000	48,369	343	48,026	0	(509)	(222)	(0.04)
B2	KGI Securities Investment Trust Co., Ltd.	300,000	771,365	188,248	583,117	802,173	202,039	162,545	5.42
B3	KGI Securities Investment Advisory Co., Ltd.	50,000	153,514	90,439	63,075	170,126	6,281	8,066	1.61
B4	KGI Insurance Brokers Co., Ltd.	5,000	147,352	89,838	57,514	303,983	60,073	47,514	95.03
B5	Richpoint Company Limited	4,191,930	15,715,680	416,739	15,298,941	79	(13,020)	1,840,914	—
B5-b1	KG Investments Holdings Limited	4,471,879	15,417,069	157,877	15,259,192	10,006	6,044	1,783,147	—

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B5-b1-c1	KGI International Holdings Limited	5,965,242	22,585,349	7,195,733	15,389,616	(26,113)	(42,534)	1,770,746	—
(Note1)	Bauhinia 88 Limited	0	0	0	0	0	0	0	—
(Note2)	Supersonic Services Inc.	0	0	0	0	0	0	0	—
(Note3)	KGI Korea Limited	0	0	0	0	0	0	0	—
B5-b1-c1-d1	KGI International Limited	2,323,744	1,999,893	57	1,999,836	6,671	6,671	4,618	—
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	2,159,452	4,924,130	2,886,036	2,038,094	22,835	1,853	203,547	—
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	2,967,854	27,174,054	24,734,681	2,439,373	1,192,262	(68,191)	62,005	—
(Note4)	KGI Capital (Singapore) Pte. Ltd.	0	0	0	0	0	(57)	(57)	—
B5-b1-c1-d2	KGI Limited	11,096,425	12,922,448	0	12,922,448	0	0	0	—
B5-b1-c1-d2-e1	Global Treasure Investments Limited	0	0	0	0	0	0	0	—
B5-b1-c1-d2-e2	KGI Asia Limited	2,708,260	49,615,637	40,634,534	8,981,103	2,688,304	2,338,483	449,229	—
B5-b1-c1-d2-e3	KGI Investments Management Limited	154,180	59,411	6,158	53,253	55,562	55,534	(6,357)	—
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	1,282,860	5,809,988	3,637,165	2,172,823	212,755	194,909	37,545	—
B5-b1-c1-d2-e5	KGI Capital Asia Limited	5,928,609	5,971,628	3,279	5,968,349	8,552	8,552	55,448	—
(Note5)	KGI Alliance Corporation	0	0	0	0	0	0	(16,392)	—
B5-b1-c1-d2-e5-f1	KGI Finance Limited	1,223,392	1,037,149	61,064	976,085	3,022	2,566	94,333	—
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	5,416,520	30,397,539	24,217,261	6,180,278	1,882,184	1,588,694	860,172	—
B5-b1-c1-d2-e5-f3	PT KGI Sekuritas Indonesia	200,000	1,164,666	871,746	292,920	101,688	(20,127)	24,574	—
B5-b1-c1-d2-e6	KGI Hong Kong Limited	428	1,145,651	1,423,832	(278,181)	12,458	(2,945,960)	160,158	—
B5-b1-c1-d2-e7	KGI International Finance Limited	285,080	663,096	285,394	377,702	58,441	11,802	10,805	—
B5-b1-c1-d2-e8	KGI Asset Management Limited	47,213	48,350	1,939	46,411	7,469	7,469	(314)	—
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	0	0	0	0	0	0	0	—
B5-b2	KGI Investment Advisory (Shanghai) Co., Ltd.(Note6)	114,032	22,640	0	22,640	(1,497)	(5,776)	(5,766)	—
B6	KGI Venture Capital Co., Ltd.	700,000	863,330	27,370	835,960	91,238	79,569	78,883	1.13

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
(Note7)	Global Corporation	0	0	0	0	0	(13,350)	(7,305)	(0.39)

Note1: Bauhinia 88 Limited was closed on June 30, 2020.

Note2: Supersonic Services Inc. was closed on May 25, 2020.

Note3: KGI Korea Limited was closed on November 30, 2020.

Note4: KGI Capital (Singapore) Pte. Ltd. was closed on September 23, 2020.

Note5: KGI Alliance Corporation was closed on June 10, 2020.

Note6: KGI Investment Advisory (Shanghai) Co., Ltd. applied for closure and was approved by the competent authorities in Taiwan on July 16, 2020, pending approval by the local authorities.

Note7: The shareholder's meeting of Global Corporation on June 5, 2020 resolved to institute a process of liquidation from July 1, 2020. KGI Securities Co., Ltd. lost the control of Global Corporation from liquidation date.

◎ KGI Bank

December 31, 2020

NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
C1	CDIB Management Consulting Corporation	1,531,719	872,099	6,069	866,030	84,650	83,003	83,160	0.54
C1-b1	CDC Finance & Leasing Corp.	767,048	4,979,742	4,121,814	857,928	319,570	38,888	42,526	0.55
C1-b2	CDIB International Leasing Corp.	822,700	124,012	8,681	115,331	95	52,336	52,312	-

8.2 Any private placement of securities in the recent years up to the publication of this annual report

None

8.3 The shares in the Financial Holding Company held or disposed of by subsidiaries in the recent years up to the publication of this annual report

Shareholding Ratio of the Company	Stock Capital Collected ('000)	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of ('000)	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year ('000)	Pledged by the Subsidiary
KGI Securities	34,363,397	—	100%	2020	—	182,645,796 shares NT\$1,655,287	—	—	—
				As of the date of publication of this report	—	—	—	—	—
China Life	47,313,972	—	47.2995%	2020	—	199,656,000 shares NT\$1,786,342	—	362,812,259 shares NT\$3,374,154	—
				As of the date of publication of this report	—	229,000,000 shares NT\$2,171,814	—	133,812,259 shares NT\$1,405,029	—

8.4 Other important supplementary information

8.4.1 Events having occurred in the previous year or up to the date of publication of this annual report, which significantly affect shareholders' equity or price of shares pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act

1. The Company's President and CEO, Alan Wang, retired on March 4, 2020 and subsequently the Company appointed Executive Vice President, Daw-Yi Hsu, as Acting President.
2. Mr. Stefano Paolo Bertamini has served as the Company's President and CEO since November 4, 2020.

China Development Financial Holding Co., Ltd.

Chairman Chia-Juch Chang

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