



旺旺友聯產物保險股份有限公司
Union Insurance Co., Ltd.

2023 Annual Report

Date of publication: Published on April 30, 2024

M.O.P.S.: mops.twse.com.tw

Company Website: www.wwunion.com

I. Name, Title, Tel. and E-mail of Spokesperson and Deputy Spokesperson

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Tainan Branch	6F., No.75, Nanmen Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	(06) 2260603
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Name: Stock Affairs Agency Department of IBF Securities Co., Ltd.
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105, Taiwan (R.O.C.)
Website: www.ibfs.com.tw
Tel.: (02)2528-8988

IV. Name of CPAs, Name, Address, Website and Tel. of Accounting Firm for the Latest Financial Statements

CPA: CPAs Cheng-Yen Wu and Pei-Ju Tsai
Accounting Firm: KPMG
Address: 68F., No.7, Sec.5, Xinyi Rd. Taipei (TAIPEI 101 Tower)
Website: www.kpmg.com.tw
Tel.: (02)8101-6666

V. Name of Overseas Listing Securities Exchange Office and the Way to Inquire: None.

VI. Company Website: www.wwunion.com

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Chapter 1 Letter to Shareholders

Dear Shareholders,

First, we hereby express our tremendous gratitude to shareholders and employees. In 2023, Union Insurance achieved remarkable results through the collective efforts of all employees. Our premium income from signed policies reached a historic high, totaling NT\$12.28 billion, representing an increase of NT\$1.27 billion compared to NT\$11.01 billion in 2022. This growth rate of 11.5% positions our premiums as 5% of the total property and casualty insurance market, ranking us eighth. Our retained premiums have reached new heights with substantial performance growth, and the overall underwriting surplus has surpassed historical records. Our investment performance has also outperformed previous levels due to market recovery, with fixed-income and short-term investments yielding impressive profits. -

Regarding insurance underwriting, the Company has been focusing on actively developing high-quality business, considering risk-bearing capacity comprehensively to make appropriate reinsurance arrangements and to improve underwriting capacity year by year. Also, the Company's investment management policy has maintained an excellent liquidity structure, properly allocating assets to derive steady investment gains.

Taiwan Ratings recognized the Company as having strong capital and profitability. The Company continued to receive ratings of "twAA/stable" from Taiwan Ratings, and the rating outlook was "stable". Standard & Poor's and A.M. Best continued to affirm the Company, granting "A-" and "A-(Excellent)" ratings, respectively, and the rating outlook is "stable". -

The Company's operation results in 2023 and the business plan for 2024 are summarized below, respectively:

I. 2023 Business Report

(I) Business Plan Implementation Results

The total premium revenue for the year was NT\$12,736,065 thousand: The written premium revenue was NT\$12,280,790 thousand, which accounted for 96.4% of the total premium revenue, and the reinsurance premium revenue was NT\$455,275 thousand, which accounted for 3.6% of the total premium revenue.

The amount and proportion of each insurance category are shown in the table below:

Premium Revenue Statistics Table 2023

Unit: NT\$ thousands; %

Coverage/Item	Premium revenue	Reinsurance premium revenue	Total premium revenue
Fire insurance	1,974,676	75,748	2,050,424
Marine insurance	257,419	7,295	264,714
Land and Aviation insurance	112,850	191	113,041
Liability insurance	3,506,565	14,689	3,521,254
Guarantee insurance	23,575	1,233	24,808
Other property insurance	4,353,575	47,578	4,401,153
Accident insurance	1,016,561	8,418	1,024,979
Health insurance	88,528	0	88,528
Compulsory automobile liability insurance	947,041	300,123	1,247,164
Total	12,280,790	455,275	12,736,065
Proportion to total premium revenue%	96.4%	3.6%	100.0%

(II) Budget execution

The Company did not issue financial forecasts for 2023, so there is no budget execution.

(III) Financial Revenue and Expenditure, Profitability Analysis

The profit indicators are as follows:

Profitability Indicator

Unit: %

Item	2022	2023
Return on assets	-7.05%	6.31%
Return on Equity	-23.51%	22.01%
Return on fund utilization	-1.84%	3.59%
Return on Investment	-1.70%	3.31%
Retention combined ratio	109.58%	95.28%
Retention expenses ratio	39.39%	38.52%
Retention loss ratio	70.19%	56.76%

(IV) Research and Development

Under the operation of our professional team, the Company consistently develops a wide range of insurance products tailored to the needs of various markets. Additionally, we offer customers a secure and high-quality digital environment and service through our 24/7 online insurance platform. In addition, in light of the constantly evolving modern technology, we will strengthen the effectiveness of the implementation of information security management to ensure the basic requirements for information confidentiality by establishing a comprehensive information security protection framework, and obtaining dual international standard certification for BS10012 Personal Information Management System and ISO27001 Information Security Management System, representing the Company's commitment to the protection of customer personal data. In the future, we will prioritize customer needs and concentrate on delivering attentive service. We will proactively introduce more competitive products that are tailored to different markets, providing policyholders with a broader range of options and ultimately improving customer satisfaction.

Climate change has emerged as a global concern and a significant risk for the insurance industry. The Company also considers climate-related risk as one of the main risks of insurance, continues to refine the related governance and strategies, improves the related risk management, and establishes the goal of a friendly environment and sustainability year by year. To support the government's "Taiwan 2050 Net Zero Carbon Emission" policy, the Company continues to increase the underwriting capacity of various green energy industry insurance policies, hoping to create a win-win-win situation for society and economy, the insured and the insurer.

II. Summary of Business Plan for 2024

(I) Business Policy

The Company continues to uphold the spirit of the Group. We regard our employees as important resources; working confidently, we all are one, heart to heart, with the spirit to unite those who are like-minded to create high-performance and share the fruitful results, while creating new business territory to achieve the Company's culture and business concept so that both the Company and the employees are better than ever. We are committed to development in terms of "corporate governance", "customer care", "talent cultivation", "digital upgrading", "social welfare" and "environmental sustainability", to actively improve the core capital and risk bearing capacity of the Company, so as to generate shareholder's value as the foundation of our sustainable operation. That is all for the Company's colleagues to work hard to follow the business policy.

(II) Sales estimate

Looking forward to 2024, the Company will continue to promote and encourage the innovation of peer products. In terms of channels, in addition to consolidating the source business of auto dealers, the Company will also strengthen the development of other channels and improve the performance of online insurance through various channels. It is estimated that the insurance premiums for 2024 will reach NT\$13 billion, a growth of 5.9% from 2023.

(III) Key Production and Distribution Policy

1. Develop new channels and new customers to expand market share and improve market ranking.
2. Develop simple, easy to understand, cheap and easy to sell personal insurance products, enhance the visibility of the company through various social platforms, strengthen product diversification and insurance convenience to expand the sales of direct business and online insurance business.
3. Research and develop “unique” and customized products, safeguard various risks, expand product differentiation to gain a competitive advantage, and regularly implement the adequacy of each insurance rate test, and strengthen rate competitiveness and profitability.
4. Continue to strengthen the professionalism of underwriters and claim adjusters, arrange education and training courses, inherit experience, encourage the acquisition of relevant licenses, to enhance the professional skills of employees and strengthen the professional strength of teams.
5. Develop humanized mobile business system and intelligent secretary platform to provide customers and the company's business personnel with more convenient, real-time, paperless, and other mobile services. At the same time, optimize the core system to improve various operations such as quotation, underwriting, reinsurance and claim settlement, reduce cost, to promote the company's business development to innovation, technology, specialization, convenience, and timeliness and create a new business peak.
6. Adjust business structure, continue to screen businesses, implement underwriting policies, and strengthen claims control, properly control the risk accumulation through appropriate re-insurance arrangement to increase underwriting profits and create shareholder value.

III. The influence of the external environment, legal environment and overall business environment and future development strategies of the Company

In the face of the ever-changing modern technology, we will build a complete information security framework, improve the maturity of information security governance, and optimize our operations with innovative financial technology to provide better services to our policyholders. Union Insurance Co., Ltd. upholds the principles of integrity, steady growth, and sustainable development. We consistently adhere to laws and regulations, cultivate insurance expertise, and strengthen corporate governance. Our focus is on continuous improvement and the enhancement of product and service quality. Guided by the core principle of 'good business, business that is good,' we strive for long-term stable profitability and the creation of greater shareholder value. We fulfill our corporate social responsibility by unwaveringly upholding the values of stability, safety, and innovation, and by continuously building Union Insurance Co., Ltd. into the most trusted insurance company for our customers. -

Thank you again for the trust and support of the shareholders and the hard work and contribution of all employees. Finally, we hope that

both the Company and the employees are better than ever!

Chairman

洪 杏 雄



Chapter 2 Company Profile

I Date of Incorporation: February 20, 1963

II Company History:

The Company was established in February 1963. At that time, it was founded by overseas Chinese and domestic entrepreneurs. Therefore, it was named “Union”. After that, it successfully applied for stock listing on May 5, 1992, becoming the first listed company in Taiwan’s property insurance industry. In order to expand its business bases and strengthen its core competitiveness, the Company acquired China Mariner’ Insurance Company in October 2002. This was the first successful merger in the domestic property and casualty insurance industry, making future development more competitive.

In June 2007, Want Want Group took over, and then completed the capital reduction and increase in August 2007. In order to strengthen corporate governance, the Company held an interim shareholder meeting on November 19, 2007, re-electing nine directors (including two independent directors) and two supervisors with fresh images and professional capabilities and renaming the Company “Union Insurance Co., Ltd.”. In order to further improve the Company’s financial structure, the Board of Directors actively handled three private placements and one public offering of cash capital increase, and handled capital reduction in 2012. As of the first quarter of 2024, the paid-in capital amounted to NT\$2.236 billion. At present, the Company’s capital adequacy ratio has reached the requirements of first-tier insurance companies.

The Company’s Head Office is located in Taipei City, and has 13 branches, 16 service centers and 10 liaison offices across Taiwan, forming an island-wide network to develop business and provide quality customer services. The Company is mainly engaged in fire insurance, motor insurance, marine insurance, accident insurance, engineering insurance, injury insurance and reinsurance, and was approved by the competent authority to operate health insurance business on November 28, 2008. The annual performance for 2023 reached NT\$ 12.28 billion, a growth of 11.53%, a market share of 5%, ranking eighth in the market with stable profitability. Therefore, Taiwan Ratings recognized the Company as having strong capital and profitability. The Company continued to receive ratings of “twAA/stable” from Taiwan Ratings, and the rating outlook was “stable”. Standard & Poor’s and A.M. Best continued to affirm the Company, granting “A-” and “A- (Excellent)” ratings, respectively, and the rating outlook is “stable”. -

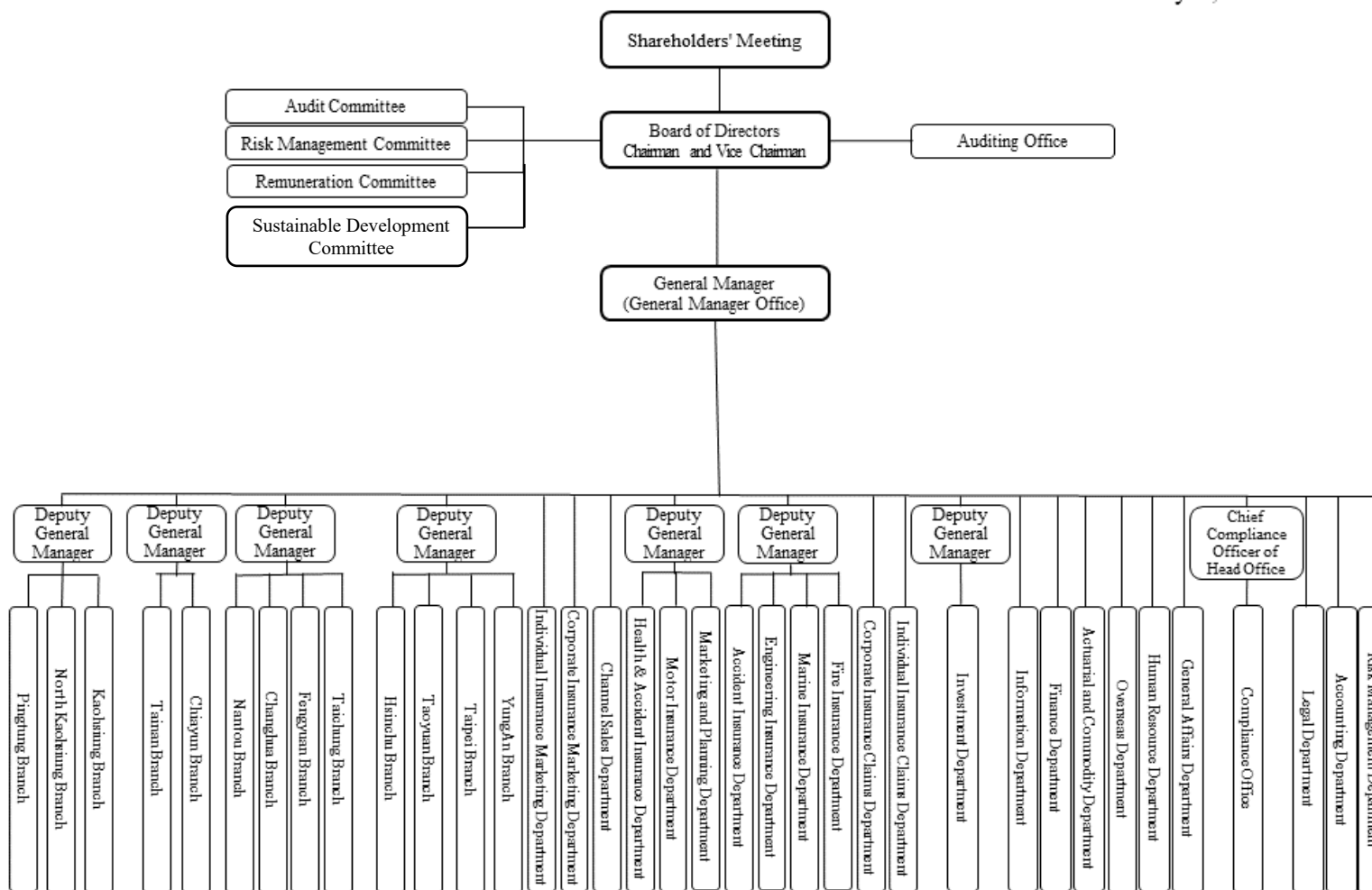
In terms of business competition, the Company still adheres to the prudential control of business quality, strengthens product development and service innovation, and improves operational efficiency and continues to rebuild the information core system. With the efforts of all employees, we continue to provide customers with the best service and become the most trusted property insurance company for customers.

Chapter 3 Report on Corporate Governance

I Organizational System

(I) Organizational Chart

January 1, 2024



(II) Businesses operated by major departments

Department	Supervisor	Position	Departmental Responsibilities
General Manager Office	Zi-Ming Liu	General Manager	Responsible for managing all aspects of the Company's operations in accordance with the decisions of the Board of Directors and under the direction of the Chairman.
General Manager Office	Fu-Cheng Wu	Deputy General Manager	Supervising the business of the investment department.
General Manager Office	Shao-Yun Pan	Deputy General Manager	Supervising the business of Fire Insurance Department, Marine Insurance Department, Engineering Insurance Department and Accident Insurance Department.
Auditing Office	Li-Hung Wang	Chief Auditor	Manage the investigation and evaluation of the internal control system, and the establishment and execution of the annual internal audit operation audit plan.
Chief Compliance Officer	Ching-Hua Ke	Chief Compliance Officer of Head Office	Manage legal compliance business.
Marketing and Planning Department	Wan-Hua Tsai	Deputy General Manager	1. Responsible for marketing performance management, media relations, resource integration, marketing support, sustainable development and e-commerce business promotion, and customer service. 2. Supervising the business of Motor Insurance Department and Health & Accident Insurance Department.
Head of Risk Management Unit	Shu-Chuan Wu	Assistant Vice President	Responsible for the implementation of the Company's daily risk monitoring, measurement and evaluation.
Corporate Insurance Marketing Department	Sung-Tse Chang	Senior Assistant Vice President	Focus on the development of direct corporate business and international insurance agency business.
Individual Insurance Marketing Department	Hung-Hua Lin	Manager	Focus on the development of individual, exhibition business and small and medium-sized insurance agency channel business.
Motor Insurance Department	Hsing-Kun Wu	Manager	Responsible for operational management and underwriting matters of automobile insurance.
Health & Accident Insurance Department	Hui-Ying Li	Assistant Vice President	Responsible for operational management and underwriting matters of health & accident insurance.
Accident Insurance Department	Yu-Sheng Ting	Manager	Responsible for the operation and management of liability insurance and special new kinds of insurance and the underwriting matters.
Marine Insurance Department	Chuan-Sheng Tsui	Assistant Vice President	Responsible for the operation and management of cargo transportation insurance and ship insurance and the underwriting matters.
Fire Insurance Department	Che-Chang Hsu	Senior Assistant Vice President	Responsible for the operation and management of fire insurance and residential fire insurance and the underwriting matters.
Engineering Insurance Department	Tsang-Ching Lin	Assistant Vice President	Responsible for the operation and management of engineering insurance and the underwriting matters.
Corporate Insurance Claims Department	Kuo-Chun Hung	Assistant Vice President	Responsible for fire insurance, engineering insurance, cargo transportation insurance, ship insurance, financial insurance, liability insurance, etc. related claims.
Individual Insurance Claims Department	Sen-Jung Liu	Manager	Responsible for motor insurance and health & accident insurance claims.
Actuarial and Commodity Department	Yi-Cheng Wu	Assistant Vice President	Responsible for product development and submission for review, product rate review, various reserve funds, visa actuarial related work and professional research.

Department	Supervisor	Position	Departmental Responsibilities
Overseas Department	Hsing-Yi Lin	Manager	Responsible for reinsurance affairs, policy contract operations, and international business affairs management.
Human Resource Department	Tai-Lung Chen (Concurrent)	Deputy General Manager	Responsible for personnel administrative assessment, management, and trainings.
General Affairs Department	Ta-Chun Wu	Senior Assistant Vice President	Responsible for general affairs and property management.
Information Department	Chun-Yu Hsu	Assistant Vice President	Responsible for application system development and maintenance, information movable property management, statistical report production and database management, e-commerce, and information security.
Compliance Office	Ching-Hua Ke (Concurrent)	Chief Compliance Officer of Head Office	Legal compliance business planning, management, and implementation.
Legal Department	Tai-Lung Chen	Deputy General Manager	Responsible for corporate legal affairs, insurance subrogation recovery, and other litigation-related matters.
Accounting Department	Fei-Wen Kuo	Senior Assistant Vice President	Responsible for budget compilation, review and control, accounting system formulation, accounting statistics and final accounts, financial report preparation, tax and stock affairs, reporting and other matters required by laws and regulations.
Finance Department	Chang-Hsiao Hsueh	Senior Assistant Vice President	Responsible for premiums, commissions, cashiers, and fund management.
Investment Department	Wen-Jui Li	Assistant Vice President	Investment management.
Channel Sales Department	Sung-Tse Chang (Concurrent)	Senior Assistant Vice President	Responsible for marketing and promoting domestic financial channels and various business channels.
YungAn Branch	Sheng-Kuang Tsao	Deputy General Manager	Responsible for managing and supervising the marketing and promotion of branches.
Taipei Branch	Chin-Pin Huang	Senior Assistant Vice President	Responsible for managing the marketing and promotion of branches.
Taoyuan Branch	Pi-Tu Wu	Manager	Responsible for managing the marketing and promotion of branches.
Hsinchu Branch	Hsu-Nan Yen	Manager	Responsible for managing the marketing and promotion of branches.
Taichung Branch	Ching-Hsin Lin	Manager	Responsible for managing the marketing and promotion of branches.
Fengyuan Branch	Tung-I Lai	Senior Assistant Vice President	Responsible for managing the marketing and promotion of branches.
Changhua Branch	Kuo-Chung Yen	Deputy General Manager	Responsible for managing and supervising the marketing and promotion of branches.
Nantou Branch	Mei-Ling Chen	Manager	Responsible for managing the marketing and promotion of branches.
Chiayun Branch	Kuo-Jung Cheng	Manager	Responsible for managing the marketing and promotion of branches.
Tainan Branch	Jui-Lin Hsu	Deputy General Manager	Responsible for managing and supervising the marketing and promotion of branches.
Kaohsiung Branch	Sung-Yen Lai	Deputy General Manager	Responsible for managing and supervising the marketing and promotion of branches.
North Kaohsiung Branch	Yuan-Hsien Tsai	Manager	Responsible for managing the marketing and promotion of branches.
Pingtung Branch	Mei-Hui Tseng	Manager	Responsible for managing the marketing and promotion of branches.

II. Information on the Directors, Supervisors, General Manager, Deputy General Managers, Assistant Vice Presidents, and the Persons in Charge of Divisions and Branch Units

Directors and Supervisors (I)

April 30, 2024

Position	Nationality/ Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C. & Australia	Representative: Chi-Hsiung Hung	Male 71~80	2022.06.24	Three years	2010.10.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Law, National Chung Hsing University	None	Corporate Insurance Claims Department Assistant Vice President	Kuo- Chun Hung	Father and son	None
Director	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C.	Representative: Hai-Lun Xu	Female 51~60	2022.06.24	Three years	2011.08.01	0	0.0%	0	0.00%	0	0.00%	0	0.00%	Master, Department of Business Management, Royal Roads University	(Note 2)	None	None	None	None
Director	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C.	Representative: Ching-I Lu	Female 41~50	2023.07.17	Three years	2023.07.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Management, London School of Political Economy, U.K.	Deputy General Manager, Twitcher Taiwan Limited, Taiwan Branch (B.V.I) and Representative, Qi Chen Management Consulting Co., Ltd.	None	None	None	None
Director	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C.	Representative: Chia-Ying Ma	Male 61~70	2022.06.24	Three years	2013.07.01	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Business and Economics, Leihgh University	(Note 3)	None	None	None	None
Director	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None

Position	Nationality/ Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
	R.O.C.	Representative: Yung-Tsung Hung	Male 51~60	2022.06.24	Three years	2022.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of the Institute of Finance, National Central University	Senior Deputy General Manager, Twitcher Taiwan Limited, Taiwan Branch (B.V.I) and Director, OCEAN PLASTICS CO., LTD.	None	None	None	None
Director	R.O.C.	Want Want Co., Ltd.	- -	2022.06.24	Three years	2007.11.19	46,689,943	20.88%	46,689,943	20.88%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C.	Representative: Zi-Ming Liu	Male 61~70	2022.06.24	Three years	2018.02.27	6,265	0.00%	6,265	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, National Chin Yi University of Technology	General Manager of the Company	None	None	None	None
Independent Director	R.O.C.	Dong-Liang Wang	Male 61~70	2022.06.24	Three years	2019.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Law, Institute of Law, Chinese Culture University	Director of Dong-Liang Wang Law Firm	None	None	None	None
Independent Director	R.O.C.	Huang-Chi Liu	Male 51~60	2022.06.24	Three years	2022.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Law, Institute of Law, Tunghai University	(Note 4)	None	None	None	None
Independent Director	R.O.C.	Yu-Fung Ma	Male 61~70	2022.06.24	Three years	2016.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Department of Business Management, National Taipei University	(Note 5)	None	None	None	None

Note 1: It is based on the data of employment as of April 30, 2024.

Note 2: Ms. Hai-Lun Xu holds the position of director in [Yen-Ming Tsai Charity Foundation, Want Want Cultural and Educational Foundation, Want-Tai Cross-Strait Mutual Trust Foundation and CTV Charities Aid Foundation].

Note 3: Mr. Chia-Ying Ma is the independent director of [TSC AUTO ID TECHNOLOGY CO., LTD., MEDEON BIODESIGN, INC., RICHWAVE TECHNOLOGY CORP. and HIYES INTERNATIONAL CO., LTD.], director of [Shih-Jen Wen Culture and Education Foundation, China Central Investment Co., Ltd., Xinyutai Co., Ltd.], supervisor of Zhongwei Development Center and Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Professor of Soochow University.

Note 4: Mr. Huang-Chi Liu is the Chairman of Wanze Company Ltd. and Jingpin Development Industries Corporation, the Vice Chairman of Long Bon International Co., Ltd., an independent director of Mayer Steel Pipe Corp. and CHUN YUAN STEEL INDUSTRY CO., LTD., a director of [Eastern Home Shopping & Leisure Co., Ltd., Eastern E-Commerce Co., Ltd., ET New Media Holding Co., Ltd., Care Pet Bio-Tech Company, Taisun Enterprise Co., Ltd., Sheng Cheng Co., Ltd. and Lian Teh Industrial Development Foundation], supervisor of Suneast Engineering and Development Co., and Presiding Lawyer of Authenticity Attorneys-at-Law.

Note 5: Mr. Yu-Fung Ma serves as an independent director of PRINCETON TECHNOLOGY CORP., a supervisor of [Black Dragon Management Consulting Corp. and Black Dragon Technology Corporation], a member of the Remuneration Committee of China Television Company and an assistant professor of Shih Chien University.

Note 6: In case that the Chairman and the General Manager or their equivalents (top manager) are assumed concurrently by the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors not concurrently serving as employees or managers) should be described: None.

Table 1. Major shareholders of corporate shareholders:

April 30, 2024

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
Want Want Co., Ltd.	Yen-Ming Tsai 70.364%, Yu-Man Peng 16.224%, Chung-Chung Tsai 6.818%, Wang-Chia Tsai 6.594%

Note 1: For Directors and Supervisors who are the representatives of corporate shareholders, the names of the corporate shareholders shall be disclosed.

Note 2: Please specify names of the major shareholders of the given corporate shareholder (top ten shareholders) and the ratio of shareholding. Where the major shareholder is a corporation, please complete the following Table 2.

Table 2. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 30, 2024

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
N/A	-

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

Note 2: Please specify names of the major shareholders of the given corporate shareholder (top ten shareholders) and the ratio of shareholding.

Information on Directors and Supervisors (II)

April 30, 2024

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

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chi-Hsiung Hung	<ol style="list-style-type: none"> Professional director qualified by the FSC and was the General Manager of the Company. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.	None
Hai-Lun Xu	There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry".	The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.	None

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ching-I Lu	<ol style="list-style-type: none"> 1. Was the Chief Investment Officer/Deputy General Manager of Hua Nan Investment Trust, now a Deputy General Manager, Twitcher Taiwan Limited, Taiwan Branch (B.V.I) 2. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	<p>The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.</p>	None
Chia-Ying Ma	<ol style="list-style-type: none"> 1. Professor in the Department of Accounting of Soochow University and has the qualification of professional director approved by the FSC. 2. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	<p>The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.</p>	4
Yung-Tsung Hung	<ol style="list-style-type: none"> 1. Former Senior Deputy General Manager of Mercuries Life Insurance Co., Ltd. 2. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	<p>The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.</p>	None

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Zi-Ming Liu	<ol style="list-style-type: none"> General Manager of the Company, qualified as a professional director approved by the FSC. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	The Board of Directors of the Company consists of nine directors, including three independent directors and six directors representing corporate shareholders, with 33% of the directors being independent. The Chairman of the Board of Directors and the General Manager of the Company are not the same person, nor are they spouses or first-degree relatives of each other; there are no spousal or second-degree relatives among the Directors. The Board of Directors of the Company is independent and none of the directors are subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.	None
Dong-Liang Wang	<ol style="list-style-type: none"> Qualified as professional director approved by the FSC and is currently the President of Wang Tung Liang Law Firm. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	None
Huang-Chi Liu	<ol style="list-style-type: none"> Mr. Liu has the qualification of professional director approved by the FSC and served as a judge of the Taiwan High Court, a judge and presiding judge of the Taipei District Court, and now the managing attorney at the Authenticity Attorneys-at-Law. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	2

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Yu-Fung Ma	<ol style="list-style-type: none"> Has the qualification of professional director approved by the FSC, now an assistant professor in the Department of Finance at Shih Chien University. He has not fallen under the circumstances as specified in Article 3 of the “Guidelines on Qualifications for Responsible Persons in the Insurance Industry”. 3. Member of the Audit Committee with expertise in accounting and finance, formerly an assistant professor at St. John's University with teaching expertise in financial accounting, auditing, and management of financial institutions (banking, securities and futures, insurance). 	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	1

Note 1: It is based on the data of employment as of April 30, 2024.

Note 2: Chi-Hsiung Hung, Hai-Lun Hsu, Chia-Ying Ma, Yung-Tsung Hung, Zi-Ming Liu and Ching-I Lu are representatives of Want Want Co., Ltd.

II. Diversity and Independence of the Board of Directors:

(I) Diversity of the Board of Directors:

- (1) Policies and objectives: in accordance with Article 20 of the Company’s “Corporate Governance Best Practice Principles.”

The Board of Directors of the Company consists of nine directors, including three independent directors and six non-independent directors. In response to the global movement towards gender equality, the Company places a strong emphasis on achieving gender equality in the composition of our Board of Directors. Our policy and goal is to have a minimum of two female directors. Currently, there are 7 male members (77.78%) and 2 female members (22.22%) on the Company's Board of Directors. Moving forward, we will make every effort to enhance the representation of female directors in order to accomplish our objective.

The Board of Directors of the Company shall guide the Company strategies, supervise the management levels, and be responsible for the Company and the shareholders. For various work and arrangement of the Company’s governance system, the Authority of the Board of Directors shall be fully exercised according to regulations, Articles of Association, or Shareholders Meeting resolutions of.

The Company’s board structure shall consist of at least five directors, depending on the scale of the operation and development, the ownership of major shareholders, and actual operating needs. The establishment of independent directors shall carefully consider the reasonable professional combination and the objective conditions for independent exercise of powers.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managerial officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic qualification and value: gender, age, nationality, and culture.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience.

The directors should generally have the knowledge, skills and self-cultivation required for performing their duties. In order to achieve the ideal targets of corporate governance, the general abilities that the board of directors should be equipped with are stated below:

1. Capability to make sound business judgments.
2. Accounting and financial analysis capabilities.
3. Operating and Management ability.
4. Risk management and response
5. Crisis management capability.
6. Financial insurance expertise.
7. Global market viewpoint.
8. Leadership skills.
9. Capability to make decisions.

The Board of Directors shall be aware of the Company's operational risk exposure, such as market risk, credit risk, liquidity risk, operational risk, legal risk, reputation risk, and other types of risk relating to the securities firm's operation, to ensure effectiveness of risk management and shall be ultimately responsible for risk management.

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's Board of Directors should have a diverse membership. The current Board of Directors consists of 9 directors (including 3 independent directors) with a composition that covers a wide range of ages, industry experience, expertise, and abilities.

1. Age:

The average age of the current board of directors is 61 years old, including 1 director aged 71 to 80 years old, 4 directors aged 61 to 70 years old, 3 directors aged 51 to 60 years old, and 1 director aged 41 to 50 years old.

2. Industrial experience:

Each director has experience in a wide range of industries, including banking, insurance, securities, asset management, tourism, information, and media publishing, helping to provide policy guidance from a multi-faceted perspective.

3. Professional expertise and competence:

Board members have extensive experience and expertise in business, finance and accounting, law, finance, mathematics and actuarial science, overseas operations, and information, and make decisions together with diverse expertise.

4. Composition:

The percentage of female directors is 22.22%, the percentage of directors with manager status is 11%, and the percentage of independent directors is 33%.

The Company currently has 9 directors, including 3 independent directors. All of the Company's independent directors meet the requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding independence. All the directors (9) of the Company are not spouse or second degree relative of each other. Therefore, the Company meets the requirement that more than half of the directors shall not have spouse or family relation within the second kinship set forth in Article 26-3, Paragraph 3 of the Securities and Exchange Act.

(2) Implementation of the Diversity Policy for Board of Directors

Implementation of the Diversity Policy for Board of Directors

Diversity indicators Name/Gender	Professional background and industry experience	make sound business judgments	Accounting and financial analysis	Operating and Management	Risk management knowledge	Crisis management	Financial insurance expertise	International market perspective	Leadership skills	Capability to make decisions
Chi-Hsiung Hung/Male	v	v	v	v	v	v	v	v	v	v
Hai-Lun Xu/Female	v	v	v	v	v	v	v	v	v	v
Ching-I Lu/Female	v	v	v	v	v	v	v	v	v	v
Chia-Ying Ma/Male	v	v	v	v	v	v	v	v	v	v
Yung-Tsung Hung/Male	v	v	v	v	v	v	v	v	v	v
Zi-Ming Liu/Male	v	v	v	v	v	v	v	v	v	v
Dong-Liang Wang/Male	v	v	v	v	v	v	v	v	v	v
Huang-Chi Liu/Male	v	v	v	v	v	v	v	v	v	v
Yu-Fung Ma/Male	v	v	v	v	v	v	v	v	v	v

Analysis of the current situation of the Board of Directors' diversity policy

Item	Basic composition								Experience/Field of Work						Background Information				
	Nationality/Place of Registration	Gender	Serve concurrently as the Company's employees	Age		Years for serving as a director of other public offering companies			Finance/Accounting/Legal	Health Management/Medical Treatment	Hotel/Tourism	Financing Control/Banking/Insurance	Information/Telecom/Other	Manufacturing/Investment/Others	Professionals (Professor/Lawyer/Accountant)	Business	Law	Public Administration	Business Management
						Under 3 years	3~9 years	Over 9 years											
Name of Director				41 to 50	51 to 60	Above 61													
Chi-Hsiung Hung	R.O.C.	Male				V			V			V					V		V
Hai-Lun Xu	R.O.C.	Female			V				V	V				V		V			V
Ching-I Lu	R.O.C.	Female		V			V			V		V		V		V			V
Chia-Ying Ma	R.O.C.	Male				V			V	V					V				
Yung-Tsung Hung	R.O.C.	Male			V		V					V		V		V			V
Zi-Ming Liu	R.O.C.	Male	V			V		V				V				V			V
Dong-Liang Wang	R.O.C.	Male				V		V		V					V		V		
Huang-Chi Liu	R.O.C.	Male			V				V	V					V		V		V
Yu-Fung Ma	R.O.C.	Male				V		V		V		V			V	V			V

- (II) Independence of the Board of Directors: Among the 9 directors of the Company, 3 independent directors account for 33%. Only one director concurrently serves as the general manager of the Company. There is no spouse or relatives within the second degree of kinship among the members of the board of directors (including directors and independent directors).**

II. General Manager, Deputy General Managers, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

Position	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
General Manager	R.O.C.	Zi-Ming Liu	Male	2018.04.12	6,265	-					Graduated from the Mechanical Engineering Department of National Chin Yi Junior College	None	None	None	None	
Deputy General Manager	R.O.C.	Fu-Cheng Wu	Male	2021.05.01							Graduated from the Master's Program, Department of Finance, National Central University	None	None	None	None	
Deputy General Manager	R.O.C.	Shao-Yun Pan	Male	2022.07.05							Graduated from the Institute of Mechanical Engineering, National Central University	None	None	None	None	
Chief Auditor	R.O.C.	Li-Hung Wang	Female	2017.08.10	10,797	-	641	-			Graduated from the Department of Insurance, Tamkang University	None	None	None	None	
Chief Compliance Officer of Head Office	R.O.C.	Ching-Hua Ke	Female	2015.07.01							Graduated from the Law Department of National Taiwan University	Concurrently serve as the Head of the Company's Compliance Office	None	None	None	
Actuarial and Commodity Department Assistant Vice President	R.O.C.	Yi-Cheng Wu	Male	2020.12.01							Graduated from the Master of Applied Statistics, Department of Statistics, Tamkang University	None	None	None	None	
Marketing and Planning Department Deputy General Manager	R.O.C.	Wan-Hua Tsai	Female	100.02.01							Graduated from Banking and Insurance Department, Feng Chia University	None	None	None	None	
Corporate Insurance Marketing Department Senior Assistant Vice President	R.O.C.	Sung-Tse Chang	Male	2018.04.01							Graduated from the Department of Business Administration (Science), Tamsui Oxford University College	Concurrently serve as the Head of the Channel Sales Department of the Company	None	None	None	
Individual Insurance Marketing Department Manager	R.O.C.	Hung-Hua Lin	Male	2019.07.01							Graduated from Department of Applied Economics, University of Weston, USA	None	None	None	None	
Motor Insurance Department Manager	R.O.C.	Hsing-Kun Wu	Male	2022.08.01	1,967	-					Graduated from the Department of Materials and Resources Engineering, National Taipei University of Technology	None	None	None	None	
Health & Accident Insurance Department Assistant Vice President	R.O.C.	Hui-Ying Li	Female	2018.09.06			2,000	-			Graduated from Insurance Finance Management Institute, Chaoyang University of Technology	None	None	None	None	

Position	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Marine Insurance Department Assistant Vice President	R.O.C.	Chuan-Sheng Tsui	Female	2019.07.01							Graduated from Insurance Graduate Institute, Tamkang University	None	None	None	None	
Fire Insurance Department Senior Assistant Vice President	R.O.C.	Che-Chang Hsu	Male	2016.02.01							Graduated from the Department of Insurance Ming Chuan University	None	None	None	None	
Engineering Insurance Department Assistant Vice President	R.O.C.	Tsang-Ching Lin	Male	2013.11.01							Graduated from the Department of Insurance, Tamkang University	None	None	None	None	
Accident Insurance Department Manager	R.O.C.	Yu-Sheng Ting	Male	2022.02.14							Graduated from the Department of Risk Management and Insurance, Private Practice University	None	None	None	None	
Individual Insurance Claims Department Manager	R.O.C.	Sen-Jung Liu	Male	2022.08.01							Graduated from the Institute of Ocean Law, National Taiwan Ocean University	None	None	None	None	
Corporate Insurance Claims Department Assistant Vice President	R.O.C.	Kuo-Chun Hung	Male	2019.07.01							Graduated from Civil Engineering Department, National United University	None	None	None	None	
Overseas Department Manager	R.O.C.	Hsing-Yi Lin	Female	2021.09.01							Graduated from the Department of Commercial Mathematics, Soochow University	None	None	None	None	
Human Resource Department Supervisor (concurrent)	R.O.C.	Tai-Lung Chen	Male	2019.04.27							Graduated from Department of Law, Fu Jen Catholic University	None	None	None	None	
General Affairs Department Senior Assistant Vice President	R.O.C.	Ta-Chun Wu	Male	2015.07.01	55,000	0.02%					Master of Financial Management, Loyola University	Concurrently serve as supervisor of Shengang Electric Machinery Co., Ltd.	None	None	None	
Accounting Department Senior Assistant Vice President	R.O.C.	Fei-Wen Kuo	Female	101.02.23							Graduated from Risk Management and Insurance Institute, Ming Chuan University	None	None	None	None	
Information Department Manager	R.O.C.	Chun-Yu Hsu	Male	2020.08.01							Graduated from the Mathematical Coefficient Statistics Group, Tamkang University	None	None	None	None	
Risk Management Department Assistant Vice President	R.O.C.	Shu-Chuan Wu	Female	2016.02.01							Graduated from the Department of Commercial Mathematics, Soochow University	None	None	None	None	

Position	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Compliance Office Supervisor (concurrent)	R.O.C.	Ching-Hua Ke	Female	2019.07.01							Graduated from the Law Department of National Taiwan University	None	None	None	None	
Legal Department Deputy General Manager	R.O.C.	Tai-Lung Chen	Male	2015.10.01							Graduated from Department of Law, Fu Jen Catholic University	Concurrently serve as the Supervisor of the Company's Human Resource Department and Corporate Governance Officer	None	None	None	
Finance Department Senior Assistant Vice President	R.O.C.	Chang-Hsiao Hsueh	Male	2015.06.24							Graduated from the Industrial Management Department, Union Junior College	None	None	None	None	
Investment Department Assistant Vice President	R.O.C.	Wen-Jui Li	Male	2021.05.01							Graduated from the Institute of Finance, National Central University	None	None	None	None	
Channel Sales Department Supervisor (concurrent)	R.O.C.	Sung-Tse Chang	Male	2023.11.01							Graduated from the Department of Business Administration (Science), Tamsui Oxford University College	None	None	None	None	
YungAn Branch Deputy General Manager	R.O.C.	Sheng-Kuang Tsao	Male	2022.07.05							Graduated from Electrical Engineering Department, Chien Hsin Junior College	None	None	None	None	
Taipei Branch Senior Assistant Vice President	R.O.C.	Chin-Pin Huang	Male	2018.04.27							Graduated from the Banking and Insurance Department, Opening Continuing Education College, National Taipei College of Business	None	None	None	None	
Taoyuan Branch Manager	R.O.C.	Pi-Tu Wu	Male	2022.07.05							Graduated from the Department of Mechanical Engineering (Science), Chienkuo Junior College of Technology	None	None	None	None	
Hsinchu Branch Manager	R.O.C.	Hsu-Nan Yen	Male	2021.01.01							Graduated from Finance Master Program, Feng Chia University	None	None	None	None	
Taichung Branch Manager	R.O.C.	Ching-Hsin Lin	Male	2020.02.01							Graduated from the Institute of Finance and Law, Lingdong University of Science and Technology	None	None	None	None	

Position	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Fengyuan Branch Senior Assistant Vice President	R.O.C.	Tung-I Lai	Male	2021.04.01							Graduated from Accounting Statistics Department, Tsou Ton Commercial and Technical Vocational High School	None	None	None	None	
Changhua Branch Deputy General Manager	R.O.C.	Kuo-Chung Yen	Male	2008.12.15							Graduated from Banking and Insurance Department, Practice Home Economics College	None	None	None	None	
Nantou Branch Manager	R.O.C.	Mei-Ling Chen	Female	2022.07.05	248	-					Graduated from the Department of Business Administration of National Taichung Commercial College	None	None	None	None	
Tainan Branch Deputy General Manager	R.O.C.	Jui-Lin Hsu	Male	2016.01.01	1,050	-					Graduated from Management Master's Program, National Chiayi University	None	None	None	None	
Chiayun Branch Manager	R.O.C.	Kuo-Jung Cheng	Male	2016.01.01							Graduated from Chemical Engineering Department, WuFeng Junior College	None	None	None	None	
Kaohsiung Branch Deputy General Manager	R.O.C.	Sung-Yen Lai	Male	2022.07.05							Graduated from the Department of Business Management, Lingdong College of Technology	None	None	None	None	
North Kaohsiung Branch Manager	R.O.C.	Yuan-Hsien Tsai	Male	2023.11.01							Graduated from the Civil Engineering Department, South Asia Technical College	None	None	None	None	
Pingtung Branch Manager	R.O.C.	Mei-Hui Tseng	Female	2021.03.01							Graduated from the Institute of International Business, National Pingtung Institute of Commerce	None	None	None	None	

Note 1: Information regarding General Manager, Deputy General Managers, Associate Managers and heads of departments and branches, or equivalent positions shall be disclosed regardless of the job titles.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, should be disclosed along with job titles and responsibilities.

Note 3: If the General Manager or personnel with equivalent position (chief officer) and the Chairman are the same person, spouses or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly (e.g., by way of increasing the number of independent directors and having half of the directors not serving as employees or officers concurrently) shall be addressed.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors (Including Independent Directors), Supervisors, General Manager and Deputy General Managers

(1-1) Remuneration for general and independent directors

December 31, 2023

Unit: NT\$ thousands

Position			Name	Remuneration Paid to Directors								Total A, B, C, D as % of EAIT		Relevant Remuneration Received by Directors who Are Also Employees								Total A, B, C, D, E, F, G as % of EAIT		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company	
				Base Compensation (A)		Severance Pay and Pension (B)		Directors (C) (Note 7)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 7)							
				The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All Companies in Financial Statements		
General directors	Corporate Director	Want Want Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Chairman	Want Want Co., Ltd. Legal Representative: Chi-Hsiung Hung	10,000	10,000	-	-	-	-	1,559	1,559	11,559 0.96%	11,559 0.96%	-	-	-	-	-	-	-	-	11,559 0.96%	11,559 0.96%	-	-	None
	Director	Want Want Co., Ltd. Legal Representative: Hai-Lun Xu	120	120	-	-	-	-	120	120	240 0.02%	240 0.02%	-	-	-	-	-	-	-	-	240 0.02%	240 0.02%	-	-	None
	Director	Want Want Co., Ltd. Legal representative: Shih-Wei Hsu (Note 5)	423	423	-	-	-	-	50	50	473 0.04%	473 0.04%	-	-	-	-	-	-	-	-	473 0.04%	473 0.04%	-	-	None
	Director	Want Want Co., Ltd. Legal representative: Ching-I Lu (Note 6)	55	55	-	-	-	-	60	60	115 0.01%	115 0.01%	-	-	-	-	-	-	-	-	115 0.01%	115 0.01%	-	-	None
	Director	Want Want Co., Ltd. Legal Representative: Chia-Ying Ma	780	780	-	-	-	-	110	110	890 0.07%	890 0.07%	-	-	-	-	-	-	-	-	890 0.07%	890 0.07%	-	-	None
	Director	Want Want Co., Ltd. Legal representative: Yung-Tsung Hung (120	120	-	-	-	-	120	120	240 0.02%	240 0.02%	-	-	-	-	-	-	-	-	240 0.02%	240 0.02%	-	-	None
	Director	Want Want Co., Ltd. Legal representative: Zi-Ming Liu	120	120	-	-	-	-	120	120	240 0.02%	240 0.02%	7,516	7,516	108	108	17	-	17	-	7,881 0.66%	7,881 0.66%	-	-	None

Position	Name	Remuneration Paid to Directors								Total A, B, C, D as % of EAIT		Relevant Remuneration Received by Directors who Are Also Employees								Total A, B, C, D, E, F, G as % of EAIT		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company	
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C) (Note 7)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 7)							
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	Cash amount	Stock amount	Cash amount	Stock amount	The Company		All Companies in Financial Statements
Independent Director	Dong-Liang Wang	780	780	-	-	-	-	330	330	1,110 0.09%	1,110 0.09%	-	-	-	-	-	-	-	-	-	1,110 0.09%	1,110 0.09%	None
	Huang-Chi Liu	780	780	-	-	-	-	320	320	1,100 0.09%	1,100 0.09%	-	-	-	-	-	-	-	-	-	1,100 0.09%	1,100 0.09%	None
	Yu-Fung Ma	780	780	-	-	-	-	330	330	1,110 0.09%	1,110 0.09%	-	-	-	-	-	-	-	-	-	1,110 0.09%	1,110 0.09%	None

Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: NT\$ 0 thousand

Note 1: Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:

- (1) In accordance with Paragraph 2, Article 36 of the Articles of Incorporation of the Company: The Board of Directors is delegated to make reasonable remuneration for the Independent Directors whose remuneration shall not be included in the Company's earnings distribution. The remuneration of the Company's directors (including traffic allowance) is based on the provisions of Article 17 of the Articles of Incorporation, and the amount of such remuneration shall be determined by the Board of Directors based on the industry standard.
- (2) The Company has rules for the remuneration of directors and functional members. The remuneration of independent directors of the Company is a fixed monthly remuneration, so they no longer participate in the distribution of earnings.
- (3) The Company has established evaluation methods for directors and managerial officers' performance and remuneration, which requires that long-term performance goals shall be consistent with the concept of sustainable operation and stable income, and avoid high-risk business operations or high-volatility investments strategy.

Note 2: It is based on the data of employment of 2023.

Note 3: Retirement pension includes payments and withdrawals.

Note 4: The driver compensation of NT\$1,645 is not included.

Note 5: Resigned on July 17, 2023.

Note 6: Newly appointed on July 17, 2023.

Note 7: The directors' rewards were not distributed in FY2023 because of accumulated losses.

Note 8: The "-" in the table represents "0".

(1-2) Remuneration paid to directors (including independent directors):

Range of Remuneration Paid to Directors	Range of Remuneration			
	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements
Less than NT\$1,000,000	Want Want Co., Ltd. Representatives of Want Want Co., Ltd.: Hai-Lun Hsu, Shih-Wei Hsu, Ching-I Lu, Chia-Ying Ma, Yung-Tsung Hung and Zi-Ming Liu	Want Want Co., Ltd. Representatives of Want Want Co., Ltd.: Hai-Lun Hsu, Shih-Wei Hsu, Ching-I Lu, Chia-Ying Ma, Yung-Tsung Hung and Zi-Ming Liu	Want Want Co., Ltd. Representatives of Want Want Co., Ltd.: Hai-Lun Hsu, Shih-Wei Hsu, Ching-I Lu, Chia-Ying Ma, Yung-Tsung Hung	Want Want Co., Ltd. Representatives of Want Want Co., Ltd.: Hai-Lun Hsu, Shih-Wei Hsu, Ching-I Lu, Chia-Ying Ma, Yung-Tsung Hung
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)	Dong-Liang Wang, Huang-Chi Liu, Yu-Fung Ma	Dong-Liang Wang, Huang-Chi Liu, Yu-Fung Ma	Dong-Liang Wang, Huang-Chi Liu, Yu-Fung Ma	Dong-Liang Wang, Huang-Chi Liu, Yu-Fung Ma
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	-	-	Representative of Want Want Co., Ltd.: Zi-Ming Liu	Representative of Want Want Co., Ltd.: Zi-Ming Liu
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	Representative of Want Want Co., Ltd.: Chi-Hsiung Hung	Representative of Want Want Co., Ltd.: Chi-Hsiung Hung	Representative of Want Want Co., Ltd.: Chi-Hsiung Hung	Representative of Want Want Co., Ltd.: Chi-Hsiung Hung
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11 persons	11 persons	11 persons	11 persons

Note: Corporate directors and representatives are listed respectively

(2) Supervisor's remuneration (with the aggregate remuneration range and disclosure method): None (Since June 24, 2016, the Company replaced the supervisor's function with an Audit Committee)

(3-1) Remunerations paid to General Managers and Deputy General Managers (Summarized in accordance with the range of remuneration disclosed)

December 31, 2023

Unit: NT\$ thousands

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Special Subsidies (C)		Remuneration of Employee (D) (Note 6)				Total A, B, C, D as % of EAIT (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company		All Companies in Financial Statements		The Company	All Companies in Financial Statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Zi-Ming Liu	19,587	19,587	1,104	1,104	15,455	15,455	91	-	91	-	36,237 3.02%	36,237 3.02%	None
Deputy General Manager	Sheng-Kuang Tsao													
Deputy General Manager	Fu-Cheng Wu													
Deputy General Manager	Shao-Yun Pan													
Deputy General Manager	Wan-Hua Tsai													
Deputy General Manager	Jui-Lin Hsu													
Deputy General Manager	Kuo-Chung Yen													
Deputy General Manager	Tai-Lung Chen (Note 1)													
Deputy General Manager	Sung-Yen Lai (Note 1)													
Deputy General Manager	Fu-Sheng Chang (Note 2)													
Chief Auditor	Li-Hung Wang													
Chief Compliance Officer of Head Office	Ching-Hua Ke													

Note 1: Newly appointed on November 1, 2023.

Note 2: Resigned on November 1, 2023.

Note 3: The driver compensation of NT\$882 thousand is not included.

Note 4: Retirement pension includes payments and withdrawals.

Note 5: Remuneration of employee is calculated based on the proportion of the actual allotment amount in previous years to calculate the amount to be allotted this year.

Note 6: The "-" in the table represents "0".

(3-2) Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Managers	Name of General Manager and Deputy General Managers	
	The Company	All Companies in Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Fu-Sheng Chang, Tai-Lung Chen, and Sung-Yen Lai	Fu-Sheng Chang, Tai-Lung Chen, and Sung-Yen Lai
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Fu-Cheng Wu, Shao-Yun Pan, Wan-Hua Tsai, Jui-Lin Hsu, Kuo-Chung Yen, Li-Hung Wang, Ching-Hua Ke	Fu-Cheng Wu, Shao-Yun Pan, Wan-Hua Tsai, Jui-Lin Hsu, Kuo-Chung Yen, Li-Hung Wang, Ching-Hua Ke
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Sheng-Kuang Tsao	Sheng-Kuang Tsao
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Zi-Ming Liu	Zi-Ming Liu
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	12 persons	12 persons

(4-1) Remuneration paid to the five officers of TWSE/TPEX listed company with the highest remuneration (disclosure of the names and remuneration method of individual officers)

December 31, 2023

Unit: NT\$ thousands

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Special Subsidies (C)		Remuneration of Employee (D) (Note 6)				Total A, B, C, D as % of EAIT (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	Cash amount	Stock amount	The Company	All Companies in Financial Statements	
General Manager	Zi-Ming Liu	3,600	3,600	108	108	3,916	3,916	17	-	17	-	7,641 0.64%	7,641 0.64%	None
Deputy General Manager	Sheng-Kuang Tsao	1,982	1,982	108	108	1,490	1,490	9	-	9	-	3,589 0.30%	3,589 0.30%	None
Deputy General Manager	Shao-Yun Pan	1,931	1,931	166	166	1,322	1,322	8	-	8	-	3,427 0.29%	3,427 0.29%	None
Deputy General Manager	Jui-Lin Hsu	1,800	1,800	54	54	1,531	1,531	7	-	7	-	3,392 0.28%	3,392 0.28%	None
Deputy General Manager	Fu-Cheng Wu	1,830	1,830	108	108	1,336	1,336	9	-	9	-	3,283 0.27%	3,283 0.27%	None

Note 1: Remuneration of employee is calculated based on the proportion of the actual allotment amount in previous years to calculate the amount to be allotted this year.

Note 2: The "-" in the table represents "0".

(4-2) The name of the managerial officers and the status of the distribution:

December 31, 2023

Unit: NT\$ thousands

	Position	Name	Stock amount	Cash amount	Total	Ratio of total amount to net profit after tax (%)
Managerial Officer	General Manager	Zi-Ming Liu	-	245	245	0.02%
	Deputy General Manager	Sheng-Kuang Tsao				
	Deputy General Manager	Fu-Cheng Wu				
	Deputy General Manager	Wan-Hua Tsai				
	Deputy General Manager	Shao-Yun Pan				
	Deputy General Manager	Jui-Lin Hsu				
	Deputy General Manager	Kuo-Chung Yen				
	Deputy General Manager	Tai-Lung Chen				
	Deputy General Manager	Sung-Yen Lai				
	Chief Auditor	Li-Hung Wang				
	Chief Compliance Officer of Head Office	Ching-Hua Ke				
	Senior Assistant Vice President	Chin-Pin Huang				
	Senior Assistant Vice President	Tung-I Lai				
	Manager	Pi-Tu Wu				
	Manager	Hsu-Nan Yen				
	Manager	Ching-Hsin Lin				
	Manager	Mei-Ling Chen				
	Manager	Kuo-Jung Cheng				
	Manager	Kuo-Jen Lo (Note 7)				
	Manager	Mei-Hui Tseng				
	Manager	Yuan-Hsien Tsai				
	Senior Assistant Vice President	Sung-Tse Chang				
	Assistant Vice President	Hui-Ying Li				
	Assistant Vice President	Tsang-Ching Lin				
	Senior Assistant Vice President	Che-Chang Hsu				
	Assistant Vice President	Chuan-Sheng Tsui				
	Assistant Vice President	Kuo-Chun Hung				
	Senior Assistant Vice President	Ta-Chun Wu				
	Assistant Vice President	Wen-Jui Li				
	Assistant Vice President	Yi-Cheng Wu				
	Assistant Vice President	Shu-Chuan Wu				
	Manager	Hung-Hua Lin				
	Manager	Sen-Jung Liu				
	Manager	Yu-Sheng Ting				
	Manager	Hsing-Kun Wu				
	Assistant Vice President	Chun-Yu Hsu				
	Manager	Min-Yuan Hsu				
	Manager	Hsing-Yi Lin				
	Chief Financial Officer	Chang-Hsiao Hsueh				
	Chief Accountant	Fei-Wen Kuo				

Note 1: Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2: Please specify the employee bonus (including stocks and cash) to be allocated to the managerial officers as approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of application for the term "managerial officer" shall follow the approved document with Reference No. T.C.Z.S.Z. No. 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

(1) General Manager and equivalents (2) Deputy General Manager and equivalents (3) Associate Manager and equivalents (4) Supervisor of Finance Department (5) Supervisor of Accounting Department (6) Other persons who have the right to manage and sign for the Company

Note 4: If any director, General Manager or deputy general managers has received employee bonus (including stock dividend and cash dividend), please complete Table 1-2 and also this table.

Note 5: It is based on the incumbency data as of December 31, 2023.

Note 6: Remuneration of employee is calculated based on the proportion of the actual allotment amount in previous years to calculate the amount to be allotted this year.

Note 7: Resigned on April 1, 2024.

Note 8: Note: The "-" in the table represents "0".

- (5) Specify and compare the salary to directors, General Managers and Deputy General Managers of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent 2 years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk.

Position	2023 Ratio of total remunerations of directors, supervisors, General Manager, and deputy general managers to net income after tax:	2023 Ratio of the total remunerations paid by the Company and all companies in the financial report to the Company's directors, supervisors, General Manager and deputy general managers to net income after tax:	2022 Ratio of total remunerations of directors, supervisors, General Manager, and deputy general managers to net income after tax:	2022 Ratio of the total remunerations paid by the Company and all companies in the financial report to the Company's directors, supervisors, General Manager and deputy general managers to net income after tax:
Director	1.42%	1.42%	(1.00)%	(1.00)%
Independent Director				
Supervisor (None)				
General Manager and Deputy General Managers	3.02%	3.02%	(1.75)%	(1.75)%

(6) **The Company's remuneration policies, standards and combinations, the remuneration determination procedure and the correlation between business performance and future risks**

- I. The remuneration of the Company's directors (including traffic allowance) is based on the provisions of Article 17 of the Articles of Incorporation, and the amount of such remuneration shall be determined by the Board of Directors based on the industry standard. The salary and remuneration of the Company's directors are based on a monthly salary system, and the traffic allowances are paid based on actual attendance of the Board of Directors and their respective functional committees. The remuneration of the Chairman also includes an annual performance bonus and is handled in accordance with the "Performance System and Evaluation Mechanism of the Chairman And General Manager".
- II. The remuneration of managerial officers appointed by the Company is based on Article 31 of the Articles of Incorporation, which shall be reported to the Board of Directors by the Chairman for discussion. The salary and remuneration system of appointed managerial officers adopts a monthly salary system plus various bonuses. The monthly salary includes the salary and various allowances. The bonuses are in the nature of incentives or rewards and depend on the Company's overall operating performance in the year and the achievement of the unit, such as year-end, dividends, variable performance bonuses, etc. The Company established an employee stock ownership trust in 2023, which includes the appointed managers who are also entitled to benefits such as bonuses. The remuneration of the General Manager also includes annual performance (year-end) bonuses, and is handled in accordance with the "Performance System and Evaluation Mechanism of the Chairman And General Manager". The retirement pension of appointed managerial officers shall be processed in accordance with their appointment contracts.
- III. Regarding the distribution of variable bonuses in the Company's directors and appointed managerial officers, the Company's overall business performance for the year and the comprehensive evaluation of the operating performance of the units under its jurisdiction shall be considered, and attention shall be paid to the reasonableness and fairness and the provisions of Article 36 of the Articles of Incorporation during the deliberation.

- IV. The compensation paid to directors and managerial officers of the Company, after being discussed by the Remuneration Committee, is submitted to the Board of Directors for further approval.
- V. The Company has set up the “Evaluation Method for Performance and Salary of Directors and Managerial Officers”, in order to respond to the future changes in the financial and economic environment at home and abroad. Also, the Company’s remuneration policy all incorporates possible future risks into the evaluation criteria to avoid guiding directors and managerial officers are engaged in behaviors that exceed the Company’s risk appetite in pursuit of salary compensation.
- VI. In 2023, the overall business performance has significantly improved, with both underwriting and investment profits reaching historic highs. The after-tax income has exceeded previous years, reaching NT\$1.2 billion, compared to (NT\$1.32 billion) in 2022. Therefore, the remuneration paid to directors in 2023 has increased.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

Information on Operations of the Board of Directors

A total of twelve (18) meetings [A] of the Board of Directors were held in the most recent year. The attendance of directors and supervisors was as follows:

Position	Name (Note 1)	Number of Actual Attendance (Appearance) (B)	Attendance by Proxy	Actual attendance rate (%) [B/A] (Note 2)	Note
Chairman	Chi-Hsiung Hung	18	0	100%	Reappointed on 6/24/2022
Director	Hai-Lun Xu	18	0	100%	Reappointed on 6/24/2022
Director	Chia-Ying Ma	17	1	94.4%	Reappointed on 6/24/2022
Director	Zi-Ming Liu	18	0	100%	Reappointed on 6/24/2022
Director	Yung-Tsung Hung	18	0	100%	Newly appointed on 6/24/2022, required to attend 8 meetings
Director	Shih-Wei Hsu	6	1	85.7%	Reappointed on 6/24/2022, and resigned on 7/17/2023 required to attend 7 meetings
Director	Ching-I Lu	11	0	100%	Appointed on 7/17/2023, required to attend 11 meetings
Independent Director	Dong-Liang Wang	18	0	100%	Reappointed on 6/24/2022
Independent Director	Huang-Chi Liu	17	1	94.4%	Newly appointed on 6/24/2022, required to attend 8 meetings
Independent Director	Yu-Fung Ma	18	0	100%	Reappointed on 6/24/2022

Other matters to be recorded:

- I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board meeting, the content of the proposal, opinions of all Independent Directors and the Company's actions in response to the opinions of Independent Directors shall be stated:
 - (I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act:

The Company has established an Audit Committee in accordance with Article 14-5, Paragraph 1 of the Securities and Exchange Act. The Audit Committee is not subject to the provisions of Article 14-3 of the Securities and Exchange Act.
 - (II) Other than the matters mentioned above, other resolutions that are objected and reserved by the Independent Directors and are documented or stated: None.
- II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: As shown in the following table.

Session (Date)	Subject	Recusals of directors from voting	Reasons for recusal	Voting
The 9th meeting of the 26th Board of Directors (2023.1.12)	Discussed the performance bonus of the Company's Chairman and General Manager in 2022, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	Chi-Hsiung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 11th meeting of the 26th session (2023.3.10)	Discussed the Company's employee and director remuneration distribution plan 2022	Chi-Hsiung Hung Hai-Lun Xu Shih-Wei Hsu Chia-Ying Ma Yung-Tsung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 15th meeting of the 26th Board of Directors (2023.6.27)	Regarding the Company's plan to implement an employee stock ownership trust and establish the proposal for the implementation of the Employee Stock Ownership Trust.	Chi-Hsiung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Regarding the Company's Implementation of Managers' Participation in the Employee Stock Ownership Trust Deposit Incentive Plan	Chi-Hsiung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 17th meeting of the 26th Board of Directors (2023.8.25)	Discussed the traveling fees and remuneration for the newly-appointed Directors	Ching-I Lu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.

Session (Date)	Subject	Recusals of directors from voting	Reasons for recusal	Voting
The 18th meeting of the 26th Board of Directors (2023.9.26)	Proposed draft of the "Chairman Retirement Benefits Determination Measures" of the Company	Chi-Hsiung Hung	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 22nd meeting of the 26th Board of Directors (2024.1.30)	Discussed the performance bonus of the Company's Chairman and General Manager in 2023, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	Chi-Hsiung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Proposed revision of certain articles of the 2024 "Performance System and Evaluation Mechanism for Chairman and General Manager" of the Company	Chi-Hsiung Hung Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Discussed the performance evaluation of managerial officers appointed by the Company in 2023 and their year-end bonus	Chi-Hsiung Hung	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 24th meeting of the 26th Board of Directors (2024.3.12)	Discussed the employee and director remuneration distribution plan 2023	Chi-Hsiung Hung Hai-Lun Xu Chia-Ying Ma Yung-Tsung Hung Ching-I Lu Zi-Ming Liu	Because they are related to their own interests and follow the principle of recusal.	All the directors involved in the interest relationship followed the principle of recusal and did not take part in the discussion and voting, and after the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
<p>III. Disclose the evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers), and fill in the attached Table 2 (2) Implementation of Evaluation for the Board of Directors.</p>				

(2) Implementation of Evaluation for the Board of Directors.

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	Evaluate the performance of the Board of Directors from January 1, 2023 to December 31, 2023.	The scope of evaluation includes the performance of the entire Board of Directors, individual directors, and the functional committees (Audit Committee, Remuneration Committee, Risk Management Committee).	Internal self-evaluation of Board of Directors, self-evaluation of board members, peer evaluation and self-evaluation of functional committees members	Performance self-evaluation of the Board of Directors as a whole and individual directors, performance evaluation of functional committees (Audit Committee, Remuneration Committee, Risk Management Committee)

The results of the performance evaluation of the Board of Directors in 2023 are shown as follows:

(I) Self-evaluation of Board performance:

The Board's performance evaluation has 50 parameters ranging over seven dimensions. The evaluation shows that on 50 parameters it scored "Excellent (5)" reflecting good performance by the Board of Directors in guiding and supervising business strategies, major business activities, and risk management, for establishing an appropriate internal control system, and for actively participating in environmental, social, and corporate governance (ESG) initiatives. The overall operation of the Board is considered excellent and is in line with corporate governance practices.

Seven dimensions of self-evaluation	Evaluation item	Overall average
A. Involvement in the Company's business activities	12 items	5
B. Improving the quality of board decisions	12 items	5
C. Composition and structure of the Board of Directors	7 items	5
D. Election and continuing education of directors	7 items	5
E. Internal control	7 items	5
F. Participation in principles for fair treatment of customers	3 items	5
G. Participation in ESG initiatives	2 items	5
Evaluation result	Excellent (5)	

(II) Self-evaluation of board member performance:

The performance of the Board members is evaluated on 23 parameters ranging over six dimensions. The evaluation rates 23 parameters as "Excellent (5)" showing that all directors have a positive effect on efficiency and effectiveness of the Board.

Six dimensions of self-evaluation	Evaluation item	Overall average
A. Alignment of the Company's goals and tasks	3 items	5
B. Recognition of directors' responsibilities	3 items	5
C. Involvement in the Company's business activities	8 items	5
D. Management and communication of the internal relations	3 items	5
E. Expertise and continuing education of the Directors	3 items	5
F. Internal control	3 items	5
Evaluation result	Excellent (5)	

(III) Self-evaluation of functional committee performance:

The performance of the functional committees is evaluated on 56 parameters ranging over five dimensions. The evaluation rates as "Excellent (5)" on 56 parameters, reflecting its overall excellence in operation and in line with corporate governance, which has resulted in improved Board operations.

Five dimensions of self-evaluation	Audit Committee		Remuneration Committee		Risk Management Committee	
	Overall average	Evaluation item	Overall average	Evaluation item	Overall average	Evaluation item
A. Degree of participation in company operations	4 items	5	4 items	5	3 items	5
B. Awareness of the duties of the functional committees	6 items	5	3 items	5	3 items	5
C. Improving functional committee's decision-making	7 items	5	10 items	5	2 items	5
D. Composition of functional committee, and election and appointment of committee members	3 items	5	3 items	5	2 items	5
E. Internal control	3 items	5	1 item	5	2 items	5
Rating result	Excellent (5)		Excellent (5)		Excellent (5)	

Note 1: It refers to the execution cycle of the board evaluation, such as once a year.

Note 2: It refers to the period covered by the evaluation of the Board of Directors, such as evaluating the performance of the Board of Directors from January 1, 2023 to December 31, 2023.

Note 3: The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual Directors, and functional committees (Audit Committee, Remuneration Committee, Risk Management Committee).

Note 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5: The evaluation content shall include at least the following items according to the evaluation scope:

- (1) Evaluation of performance for the Board of Directors: Including participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (2) Evaluation of performance for the individual board members: Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
- (3) Evaluation of performance for the Audit Committee: Including participation of the Audit Committee, Remuneration Committee, and Risk Management Committee in the operation of the Company, awareness of the duties of each functional committee, the quality of decisions made by each functional committee, makeup of each functional committee and election of its members, and internal control.

IV. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g., establishing an audit committee and enhancing information transparency), and evaluation of target implementation:

- (I) The Company currently has 3 independent directors and established an Audit Committee, and has formulated "Rules Governing the Scope of Powers of Independent Directors" and "Audit Committee Charter" in accordance with laws and regulations, in order to facilitate the independent directors' exercising of their powers.
- (II) In order to enhance the professional knowledge of directors and implement corporate governance, the Company arranges for all directors every year the continuing education courses required for corporate governance and business operations and meet the number of class hours prescribed by the competent authority.
- (III) The results of the performance evaluation of the Company's 2023 Board of Directors have been disclosed on the Company's website: Public Information/Other Corporate Governance Matters/Board Performance Evaluation Methods and Implementation Status.

V. Attendance of Independent Directors in Each Board of Directors' Meeting in the most recent fiscal year

The most recent fiscal year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Dong-Liang Wang	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V
Yu-Fung Ma	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V
Huang-Chi Liu	V	V	V	V	V	★	V	V	V	V	V	V	V	V	V	V	V	V

Description of symbols: V: Attended in person ★: Attended by proxy X: Did not attend
N/A: Did not take office or was dismissed and did not participate

Note 1: Chi-Hsiung Hung, Hai-Lun Hsu, Chia-Ying Ma, Zi-Ming Liu, Yung-Tsung Hung and Ching-I Lu are representatives of Want Want Co., Ltd.

Note 2:

- (1) Where directors or supervisors resign before the end of the year, the "remark" column shall be annotated with the date of resignation. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.
- (2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. Their attendance rate (%) to Board session shall be calculated based on the number of meetings called and the actual number of sessions they attended, during the term of office.

(II) **Audit Committee or Attendance of Supervisors at Board Meetings:**

The Audit Committee held 12 meetings (A) in the most recent year; the attendance of independent directors is summarized as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note)	Note
Independent Director	Dong-Liang Wang	12	0	100%	Reappointed on 6/24/2022
Independent Director	Huang-Chi Liu	12	0	100%	Newly appointed on 6/24/2022
Independent Director	Yu-Fung Ma	12	0	100%	Reappointed on 6/24/2022

Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

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

Date of meeting/session	Resolutions	Resolution results of the Audit Committee	The Company's response to the opinions of the Audit Committee
The 6th meeting of the 3rd term (2023.3.10)	The Company's Business Report and Financial Statements for 2022	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	Proposal on CPAs evaluation and performance appraisal, appointment and remuneration	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	Discussed the 2022 Statement of Internal Control System	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.

Date of meeting/session	Resolutions	Resolution results of the Audit Committee	The Company's response to the opinions of the Audit Committee
The 7th meeting of the 3rd term (2023.3.30)	Discussed the General Principles for Establishing the Company's Pre-Approved Non-Assurance Service Policy	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	The proposal on the Statement on Internal Control System of Anti-money Laundering and Counter-terrorist Financing for 2022 issued by the Chairman, General Manager, Chief Auditor, Head of Anti-Money Laundering and Counter-Terrorist Financing of the Company	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
The 8th meeting of the 3rd term (2023.4.27)	About the Company's financial report for Q1 2023	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
The 9th meeting of the 3rd term (2023.6.27)	Proposed amendment to certain provisions of the Company's internal control system	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	Proposed amendment to the Company's "Accounting System"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
The 10th meeting of the 3rd term (2023.7.26)	Proposed to acquire the real estate located at the 9th floor and basement level 1 parking space No. 54, No. 219, Section 4, Zhongxiao East Road, Da'an District, Taipei City, as an investment property	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
The 11th meeting of the 3rd term (2023.8.25)	About the Company's financial report for H1 2023	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	Proposed amendment to certain provisions of	All independent directors of the Audit Committee approved	The Board of Directors adopted the proposal without any objection.

		the Company’s internal control system	and passed the proposal.	
The 12th meeting of the 3rd term (2023.10.30)	About the Company's financial report for Q3 2023	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	Proposed revision of certain articles of the Company’s "Audit Committee Charter"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
The 14th meeting of the 3rd term (2023.12.28)	Discussed the Company’s audit plan 2024	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	Proposed revision of the Company Bylaws Compilation 023 "Procedures for Handling Outsourced Internal Control Operations"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	Proposed review the Company’s “Derivative Financial Commodity Transaction and Risk Management Operating Procedures”	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	Proposed amendment to certain provisions of the Company’s internal control system "Information Department 5-7-6 Information Security Operation Cycle"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
The 16th meeting of the 3rd term (2024.3.12)	Discussed the 2023 Statement of Internal Control System	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	Proposed amendment to certain articles of the Article Compilation 021 "Audit Work Manual" of the Company	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	
	The proposal on the Statement on Internal Control System of Anti-money Laundering and Counter-terrorist Financing for 2023	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.	

		issued by the Chairman (Director Chairman), General Manager, Chief Auditor (Auditor), Head of Anti-Money Laundering and Counter-Terrorist Financing of the Company		
		Discussed the 2023 Final Statement	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
		Discussed the proposal on CPAs evaluation and performance appraisal, appointment and remuneration	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
		Proposed revision of certain articles of the Company's "Audit Committee Charter"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
		Proposed amendments to some provisions of the Company's "Codes of Ethical Conduct"	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.
	The 17th meeting of the 3rd term (2024.4.30)	About the Company's financial report for Q1 2024	All independent directors of the Audit Committee approved and passed the proposal.	The Board of Directors adopted the proposal without any objection.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.

Session (Date)	Subject	Recusals of directors from voting	Reasons for recusal	Voting
-	-	-	-	-

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations).

Implementation: The Company's internal audit supervisor and accountants, in accordance with regulations, attended the meetings of the Audit Committee to report internal audit business and financial reports in accordance with regulations.

Date	Channels of Communication	Target	Communication Matters	Communication Results	Suggestions from independent directors
2023.3.10	Audit Committee	CPAs	Discussion case: The Company's Business Report and Financial Statements for 2022.	After the Chairman consulted all the independent directors present at the meeting, the proposal was passed without objection, and was submitted to the Board for discussion.	No opinions

			Chief Auditor	Discussion case: Discussed the 2022 Statement of Internal Control.	After the Chairman consulted all the independent directors present at the meeting, the proposal was passed without objection, and was submitted to the Board for discussion.	No opinions
	2023.6.27	Audit Committee	Chief Auditor	Discussion case: Proposed amendment to certain provisions of the Company's internal control system.	After the Chairman consulted all the independent directors present at the meeting, the proposal was passed without objection, and was submitted to the Board for discussion.	No opinions
	2023.8.25	Audit Committee	CPAs	Discussion case: About the Company's financial report for H1 2023.	After the Chairman consulted all the independent directors present at the meeting, the proposal was passed without objection, and was submitted to the Board for discussion.	Speech by Independent Director Yu-Fung Ma (Reply note from the CPA)
	2023.12.28	Audit Committee	Chief Auditor	Discussion case: Discussed the Company's audit plan 2024.	After the Chairman consulted all the independent directors present at the meeting, the proposal was passed without objection, and was submitted to the Board for discussion.	Speech by Independent Directors Yu-Fung Ma and Dong-Liang Wang (Response and Explanation from the Chief Auditor)
		Audit Symposium	All independent directors, Chief Auditing Officer and colleagues of the audit office of the Company	Internal Audit Communication	Understood.	No opinions

Note:

- * If an independent director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of Audit Committee meetings held during his or her tenure and number of such meetings attended.
- * If any independent director is re-elected before the end of the accounting year, the names of current and previous independent directors shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of Audit Committee meetings held during his or her tenure and number of such meetings attended.

Supervisors' participation in the operation of the Board of Directors: Not applicable. The Company has established an Audit Committee on June 24, 2016 and no longer has supervisors.

Note:

- * Where a supervisor resigns before the end of the fiscal year, the Remark column shall be filled with the supervisor's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Board of Directors and the actual number of meetings attended during his/her term of office.
- * If a supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of such meetings attended during his or her tenure.

(III) The Company's corporate governance operation and its differences from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons thereof:

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles", which is disclosed on the Company's website, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the "Corporate Governance Best Practice Principles for Insurance Enterprises".	No deviation.
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		The Company has established internal control procedures for "stock operations" and has a spokesperson system. The Company has designated specialist staff to handle suggestions, doubts and disputes from shareholders to the Company, and entrusted professional stock agency companies to assist in providing suggestions.	No deviation.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		The Company has established shareholder service personnel to manage related information and consigned a professional shareholder service agency to provide latest information.	No deviation.
(III) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		No lending behavior between the Company and affiliated enterprises. In accordance with the regulations of the competent authority, the Company has separately formulated the "Procedures for Dealing with Other Transactions Other Than Lending with Interested Parties", the "Rules Governing Other Transactions Other Than Lending with Interested Parties Handled by the Management Department Authorized by the Board of Directors", the "Rules Governing Internal Major Information Processing and Prevention of Insider Transaction Management", the "Procedures for Acquiring or Disposing of Assets", the "Rules Governing Compliance With Regular Transactions Between the Company and Domestic And Foreign Insurance-Related Businesses, and Prevention of Conflicts of Interest for Insider Transactions" and other relevant regulations for compliance.	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	V		The Company has established the “Procedures for Handling Material Inside Information and Preventing Insider Transactions”, which prohibits the Company’s internal personnel from buying or selling the Company’s stocks or other nature of securities when they learn of the Company’s major internal information on their own or in the name of others.	No deviation.
III. Composition and responsibilities of the Board of Directors				
(I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and specific management objectives and ensure the actual implementation?	V		In the “Corporate Governance Best Practice Principles”, the Company stipulates that the composition of the Board of Directors shall have a diversified principle and policy, and state the basic requirements, professional knowledge and skills and capabilities that the Board of Directors shall have, in order to achieve the ideal goal of corporate governance. For details of diversification, please refer to pages15-17 of the Company's annual report. The Company currently has an Audit Committee, a Compensation Committee, a Risk Management Committee and a Sustainable Development Committee.	No deviation.
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V		The Company has established a Board of Directors and directors’ performance evaluation method as the Board’s performance evaluation method. The results of the performance evaluation are reported to the Board of Directors in the first quarter of each year, and the profits are used as the relevant reference basis for directors’ remuneration and nomination for renewal.	No deviation.
(III) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		The Company has established accountant evaluation and performance appraisal methods, which regularly assess the competence and independence of CPAs every year (once a year) (Note 2).	No deviation.
(IV) Does the company regularly evaluate the independence of the CPAs?	V		In 2024, with reference to the Audit Quality Indicators (AQI) report provided by the CPAs, an evaluation was conducted on the five major components and 13 indicators to confirm the	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			relevant audit quality of the CPAs and the firm, and it was resolved by the Audit Committee and the Board of Directors on March 12, 2024 that the CPAs met the Company's standards of competence and independence assessment.	
IV. Has the Company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	V		The Company has assigned one corporate governance supervisor and one corporate governance officer in accordance with regulations to take charge of corporate governance related matters.	No deviation.
V. Does the Company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The communication between the Company and the interested parties is handled by the responsible unit. Also, the Company has formulated the “Procedures for Dealing with Other Transactions Other Than Lending with Interested Parties”, the “Rules Governing Other Transactions Other Than Lending with Interested Parties Handled by the Management Department Authorized by the Board of Directors” and other relevant regulations for mutual compliance. The dedicated unit of the Company handles stock affairs including legal and non-legal issues according to the existing procedure. All shareholders of the Company are able to ask for our stock service via the hotline, email or the Company’s website. The Company has also set up corporate governance zone on the website to provide related parties with information about corporate governance.	No deviation.
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Department of Stock Affairs at Waterland Securities Co., Ltd. to process affairs related to shareholders meetings.	No deviation.
VII. Information disclosure (I) Does the Company have a website to disclose the financial operations and corporate governance status?	V		The Company’s website is: http://www.wwunion.com . In accordance with the “Information Disclosure Management Measures for Property Insurance Industry” promulgated by the Financial Regulatory Commission, we regularly disclose and update relevant financial, business, and corporate governance related matters on the website.	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?	V		The Company has a spokesperson and a deputy spokesperson, and arranges dedicated units responsible for company information collection and disclosure. The significant external announcement shall be made according to regulations in "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities". The Company has an English website for foreign investors to access relevant information.	No deviation.
(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	The Company is engaged in financial and insurance business. There are many matters to be disclosed in the financial statements, which takes time to fill in and check, so it fails to announce and declare its annual financial report within two months after the end of the year. However, the financial reports of the first, second and third quarters were all announced and declared in advance before the stipulated period, and the operating situations of each month were all announced and declared in advance before the stipulated period.	The Company is engaged in financial and insurance business. There are many matters to be disclosed in the financial statements, which takes time to fill in and check, so it fails to announce and declare its annual financial report within two months after the end of the year. However, the financial reports of the first, second and third quarters were all

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
				announced and declared in advance before the stipulated period, and the operating situations of each month were all announced and declared in advance before the stipulated period.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	V		<p>(I) Employee rights and interests: The Company's work rules, and internal regulations shall be all handled in accordance with the Labor Standards Law and relevant laws and regulations.</p> <p>(II) Employee care: In addition to regular annual cash gifts, the Company also provides subsidies to employees for organizing club activities and organizing employee travels from time to time. In addition, when employees and their family members encounter weddings, funerals, celebrations, and injuries, the Company and the Company's Welfare Committee provide gift money or condolences in accordance with the Company's internal regulations. In addition, the Company regularly conducts health checks for employees, and also insures group accident and medical insurance for employees from life insurance companies.</p> <p>(III) Investor Relations: The Company has a spokesperson system. If investors have any questions, they can get in touch with the Company's spokesperson.</p> <p>(IV) Supplier Relations: The Company maintains a fair and harmonious relationship with suppliers, adhering to the principle of fair treatment.</p>	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>(V) Rights of Stakeholders: The relationship between the Company and the interested parties and the exercise of rights shall be processed in accordance with relevant laws and regulations.</p> <p>(VI) Continuing education of directors and supervisors: The directors' continuing education was conducted in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" in 2023. The situation is as follows:</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The risk management of the Company is at a strategic position, and risks are taken into consideration when forming related decisions. The Company identifies, measures, monitors and reports risks through qualitative or quantitative management methods and maintains the possible risks from operating activities within an acceptable range in order to pursue steady operating policy and uphold the spirit of consistent execution. In terms of risk measurement, the Company shall consider the nature, scale and complexity of each business and operating activity, set appropriate quantitative methods or qualitative standards for each type of risk, regularly review various key risk indicators and risk limits, and make layered reporting in accordance with relevant regulations. The Company also formulates "Operational Crisis Response Measures" in accordance with Article 6 of the "Key Points for Handling Financial Institutions' Operational Crisis", and has a Risk Management Committee to effectively monitor, manage and respond to various risks that may arise in the course of business operations. In addition to the above measures, the Company has formulated internal regulations associated with risk control, including the "Insurance Risk Management Measures", the "Catastrophe Risk Management Measures", the "Provision Risk Management Measures", the "Asset Liability Coordination Risk Management Measures", the "Operational Outsourcing Risk Management Principles and Operating Procedures", the "Key Risk Indicators Notification Operation Method", the "Market Risk Management Method", the "Credit Risk Management Method", the "Liquidity Risk Management Method", the "Operation Risk Management Method", the "Emerging Risk Management Method", etc., in order to pay attention to and effectively improve the related matters of risk control at any</p>	

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>time.</p> <p>(VIII) Implementation of customer policies: The exercise of the rights and obligations of the Company and its customers is in principle handled in accordance with the contractual contents contained in the insurance policy. The Company also has a customer service office and a free customer service line to maintain a smooth communication channel with customers.</p> <p>(IX) Purchase of liability insurance for all current members of the Board of Directors: The Company has taken out liability insurance for all directors (including independent directors), with an sum insured of US\$5 million.</p>	
<p>IX. Improvements made in the most recent fiscal year in response to the results of 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.</p> <p>According to the results of the 9th Annual Corporate Governance Review recently released by the Corporate Governance Center, the Company ranks top 36% to 50% for the listed items. The Company's successive independent directors have not served more than three consecutive terms, and the qualifications and terms of office of the three current independent directors are in compliance with relevant laws and regulations. The financial report, annual report of the shareholders' meeting, and corporate social responsibility report for the year 2022 were publicly disclosed in both Chinese and English to implement the policy of shareholder information equivalence. The Company also kept encouraging its internal auditors to actively participate in the examination of international internal auditors and international computer auditors and obtain relevant certificates. The Company's periodic financial reports have been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution. -</p>				

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

Note 2: Evaluation Standards for the Independence of CPAs:

Evaluation Item	Evaluation result	Independence of the CPAs
The CPA is employed by the company for a regular position, receives a fixed salary, or is its director or supervisor.	No	Yes
CPAs have served as directors, supervisors, managerial officers of the Company, or employees who have a significant influence on visa cases, and have been dismissed for less than 2 years.	No	Yes
The accounting firm and the Company are related parties to each other.	No	Yes
A CPA and the person in charge or manager of the Company have a spouse or second-degree relative relationship.	No	Yes
CPAs or their spouses and minor children have an investment or interest-sharing relationship with the Company.	No	Yes
CPAs or their spouses and minor children have funds to borrow from the Company.	No	Yes
CPAs have been consecutively commissioned for seven years.	No	Yes
The Company obtained an independent statement issued by the accountant.	Yes	Yes

Table:

Position	Name	Total Hours	Course contents			
			Date	Training Institution	Course Name	Hours
Chairman	Chi-Hsiung Hung	13	2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Director	Hai-Lun Xu	13	2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Director	Chia-Ying Ma	19	2023/6/2	Chinese National Association of Industry and Commerce	2023 Taishin Zero Power Summit Go Towards Green Energy	3
			2023/7/4	Taiwan Stock Exchange (TWSE)	2023 Cathay Pacific Sustainable Finance and Climate Change Summit	6
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Director	Zi-Ming Liu	12	2023/02/16	Internal trainings	11 Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	2
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Director	Ching-I Lu	22	2023/8/16	Taiwan Insurance Institute	New regulatory thinking in the development of financial technology	3
			2023/9/5	Taiwan Insurance Institute	Discussion on insurance industry operations in alignment with IFRS 17	3
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/10/27	Taiwan Insurance Institute	Opportunities for transformation in aligning with IFRS 17: The impact of changes in financial performance measurement rules on insurance company operations	3
			2023/11/7	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/15	Taiwan Insurance Institute	International trend seminar on green financial technology	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing education and training	1
Director	Yung-Tsung Hung	19	2023/4/26	Corporate Operating and Sustainable Development Association	Local regeneration collaborates with businesses to achieve a new milestone in ESG	3
			2023/7/4	Taiwan Stock Exchange (TWSE)	2023 Cathay Pacific Sustainable Finance and Climate Change Summit	3
			2023/9/15	Securities and Futures Institute	A brief discussion on emerging financial technology crimes and anti-money laundering from a company's perspective	3
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3

Position	Name	Total Hours	Course contents			
			Date	Training Institution	Course Name	Hours
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Independent Director	Yu-Fung Ma	16	2023/7/4	Taiwan Stock Exchange (TWSE)	2023 Cathay Pacific Sustainable Finance and Climate Change Summit	6
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Independent Director	Dong-Liang Wang	10	2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1
Independent Director	Huang-Chi Liu	22	2023/4/13	Taiwan Insurance Institute	Unlocking the Key Codes in Financial Statements (3H)	3
			2023/5/19	Taiwan Corporate Governance Association	Analysis of Block Chain and its Impact on Enterprises (3H)	3
			2023/6/29	Corporate Operating and Sustainable Development Association	Digital Investigation of Major Criminal and Financial Cases (3H)	3
			2023/8/18	Taiwan Corporate Governance Association	IFRS17 Competitive Blueprint and Sustainable Development (3H)	3
			2023/10/19	KPMG	Education and Training for Directors, Supervisors - IFRS 17 Special Topic Sharing	3
			2023/11/07	Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	3
			2023/11/17	Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	3
			2023/11/28	Internal trainings	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Qualifications	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
	Name			
Independent Director (convener)	Yu-Fung Ma	1. Has the qualification of professional director approved by the FSC, now an assistant professor in the Department of Finance at Shih Chien University. 2. He has not fallen under the circumstances as specified in Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry". 3. Member of the Audit Committee with expertise in accounting and finance, formerly an assistant professor at St. John's University with teaching expertise in financial accounting, auditing, and management of financial institutions (banking, securities and futures, insurance).	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	1
Independent Director	Dong-Liang Wang	1. Qualified as professional director approved by the FSC and is currently the President of Wang Tung Liang Law Firm. 2. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry".	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	0
Independent Director	Huang-Chi Liu	1. Mr. Liu has the qualification of professional director approved by the FSC and served as a judge of the Taiwan High Court, a judge and presiding judge of the Taipei District Court, and now the managing attorney at the Authenticity Attorneys-at-Law. 2. There are no restrictions on part-time employment and compliance with Article 3 of the "Guidelines on Qualifications for Responsible Persons in the Insurance Industry".	He complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act and is not a spouse or second degree relative of other directors of the Company, nor does he hold concurrent positions in the Company or affiliated enterprises. He has not received any remuneration for provision of business, legal, financial, and accounting services to the Company or affiliated enterprises in the past two years.	0

The responsibilities of the Company's Remuneration Committee are as follows:

- (1) Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
- (2) Establishing and regularly reviewing the BOD and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure.
- (3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.
- (4) If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

2. Operational Status of the Remuneration Committee

- (1) There are three members in the Remuneration Committee of the Company.
- (2) Current Remuneration Committee Term: From June 24, 2022 to June 23, 2025. A total of 10 (A) Remuneration Committee meetings were held in the most recent year. The information and attendance of the members was as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note)	Note
Convener	Yu-Fung Ma	10	0	100%	Reappointed on 6/24/2022
Committee Member	Dong-Liang Wang	10	0	100%	Reappointed on 6/24/2022
Committee Member	Huang-Chi Liu	10	0	100%	Newly appointed on 6/24/2022

Resolutions of the Remuneration Committee in 2023

Remuneration Committee of Union Insurance Co., Ltd.			
Session/ Time Date	Resolutions	Resolution results	The Company's handling of the opinions of the Remuneration Committee
The 5th meeting of the 5th term January 12, 2023	Establish and review the BOD and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure (hereinafter referred to as the Remuneration Policy).	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	The proposal was submitted to the Board of Directors and approved by all directors present.
	Discussed the performance bonus of the Company's Chairman and General Manager in 2022, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Discuss the performance evaluation of managerial officers appointed by the Company in 2022 and their year-end bonus	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	The proposal was submitted to the Board of Directors and approved by all directors present.
The 6th meeting of the 5th term March 10, 2023	Discussed the Company's employee and director remuneration distribution plan 2022	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 8th meeting of the 5th term June 27, 2023	Regarding the Company's plan to implement an employee stock ownership trust t and establish the proposal for the implementation of the Employee Stock Ownership.	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Regarding the Company's Implementation of Managers' Participation in the Employee Stock Ownership trust Deposit Incentive Plan	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 9th meeting of the 5th term August 25, 2023	Discussed the traveling fees and remuneration for the newly-appointed Directors	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.

Session/ Time Date	Resolutions	Resolution results	The Company's handling of the opinions of the Remuneration Committee
The 10th meeting of the 5th term September 26, 2023	Proposed draft of the "Chairman Retirement Benefits Determination Measures" of the Company	After consulting all committee members present, the Chairman has obtained unanimous agreement on the proposed amendments presented by Independent Director Dong-Liang Wang. There were no objections to the rest of the content, and it was approved as proposed.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
The 12th meeting of the 5th term December 28, 2023	Proposed draft of the Company's "Performance evaluation and commission standards for intermediaries and agents of insurance brokers"	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	The proposal was submitted to the Board of Directors and approved by all directors present.
The 13th meeting of the 5th term January 30, 2024	Establish and review the BOD and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure.	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	The proposal was submitted to the Board of Directors and approved by all directors present.
	Discussed the performance bonus of the Company's Chairman and General Manager in 2023, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Proposed revision of certain articles of the 2024 "Performance System and Evaluation Mechanism for Chairman and General Manager" of the Company	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
	Discussed the performance evaluation of managerial officers appointed by the Company in 2023 and their year-end bonus	The chairman consulted all shareholders in attendance present, and they voted in favor of the resolution without objection.	Submitted to the Board of Directors, and after the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.
Other matters to be recorded:			
<p>I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, the session, the contents of the motion, the results of the resolutions by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: The Company's Board of Directors and Remuneration Committee have no such circumstances in most recent year.</p> <p>II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, the session, the contents of the motion, all members' opinions and the response to members' opinion shall be specified: The Company's Remuneration Committee has no such circumstances in most recent year.</p>			

Note:

- (1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and actual number of meetings he/she attended, during his/her term of office.
- (2) If a Remuneration Committee member is re-elected before the end of the accounting year, the names of current and previous members shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

(V) Implementation of the Company's Risk Management Committee:

1. The Risk Management Committee of the Company consists of three independent directors.

The main tasks are as follows:

- (1) Formulate risk management policies, structures, and organizational functions, establish quality management and quantitative management standards, and regularly and timely report to the Board of Directors for the implementation of risk management and necessary improvements.
 - (2) Execute the Board of Directors' risk management decisions and regularly review the development, implementation, and performance of the Company's overall risk management mechanism.
 - (3) Assist and supervise the risk management of each department.
 - (4) Assist in reviewing relevant operations related to the formulation of risk limits.
 - (5) Adjust the risk category, risk limit allocation, and commitment method depending on the environment.
 - (6) Coordinate cross-department interaction and communication of risk management functions.
2. Current Remuneration Committee Term: From June 24, 2022 to June 23, 2025. A total of 5 (A) meetings were held in the most recent year. The attendance was as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note)	Note
Convenor/ (Independent Director)	Huang-Chi Liu	5	0	100%	Newly appointed on 6/24/2022
Committee member/ (Independent Director)	Yu-Fung Ma	5	0	100%	Reappointed on 6/24/2022
Committee member/ (Independent Director)	Dong-Liang Wang	5	0	100%	Reappointed on 6/24/2022

3. The important proposals discussed at the meeting in the recent fiscal year are as follows:
 - (1) Proposed at the January board meeting to establish the "2023 Company-wide Risk Appetite", "2023 Foreign Exchange Risk Limits", and amend certain articles of the "Risk Management Policy and Guiding Principles"
 - (2) Proposed at the April board meeting to amend certain articles of the "Business Crisis Response Measures of the Company"
 - (3) Discussed and reviewed the 2023 Supervisory Report on Own Risk and Solvency Assessment (ORSA) Report in May
 - (4) Quarterly report to the Board of Directors on the Company's overall risk management operations.

(February 2023: "Q4 2022 Risk Management Report", April 2023: "Q1 2023 Risk Management Report", July 2023: "Q2 2023 Risk Management Report", October 2023: "Q3 2023 Risk Management Report")

(VI) Chief Corporate Governance Officer

1	Name/Professional Title of the Chief Corporate Governance Officer	Tai-Lung Chen/Deputy General Manager
2	Date of Adoption by the Board of Directors	The 38th meeting of the 24th Board of Directors on 5/21/2019
3	Eligibility conditions	In accordance with Article 23 of the “Key Points for the Establishment and Exercise of Functions and Powers of the Board of Directors of Listed Companies of Taiwan Stock Exchange Co., Ltd.”, he has been in charge of legal affairs, compliance with laws and regulations and corporate governance related affairs in financial related institutions and public companies for more than three years.
4	Concurrent employment	Concurrently serve as the Head of the Human Resource Department and Head of the Legal Department
5	Terms of reference	<ol style="list-style-type: none"> (1) To handle communication and contact matters between the controlling shareholders and the Company in accordance with the law. (2) Execute related affairs for the Board of Directors meetings, functional committees (Audit Committee, Remuneration Committee) and shareholders' meetings. (3) Prepare minutes of the Board of Directors meetings, functional committees (Audit Committee, Remuneration Committee) and shareholders' meetings. (4) Assist directors in taking office and continuing education. (5) Provide data necessary for directors to perform their business. (6) Assist directors to comply with laws and regulations. (7) Report to the Board of Directors on the examination results of the qualifications of independent directors during the nomination, election, and tenure period in accordance with relevant laws and regulations. (8) Handle matters related to director changes. (9) Other matters stipulated in the articles of association or contract.
6	Key points of annual business execution	<ol style="list-style-type: none"> (1) The board members are regularly informed about the latest legal and regulatory developments in the company's business areas and corporate governance. (2) Review the confidentiality level of the relevant information and provide the necessary company information to the directors, ensuring smooth communication and exchange between the directors and various business executives. (3) According to the Corporate Governance Best Practice Principles, Independent Directors assist in arranging meetings with the head of internal audit or CPAs when necessary to meet and understand the Company's financial operations. (4) Assist Independent Directors and general directors in developing annual training plans and organizing courses. (5) Handle matters related to the Board of Directors o facilitate the proceedings of the meetings, including providing the necessary information for directors to carry out their duties, scheduling agendas, sending meeting notifications, and preparing minutes. (6) Handle matters related to Shareholders' Meeting, including the preparation of meeting notices, Meeting Handbook, and meeting minutes, as well as the compilation of the Annual Report and the announcement and declaration of relevant information. (7) Conduct annual evaluations of both the performance of the Board of Directors as a whole and the performance of individual directors, and submit the evaluation results to the Board of Directors for review and improvement. (8) To handle communication and contact matters between the controlling shareholders and the Company in accordance with the law. (9) Assist directors in appointment matters. <p>For the performance of the Chief Corporate Governance Officer's duties, please refer to this annual report "IV. Implementation of Corporate Governance" (pp. 31-36.</p>

7	Continuing education	Training Institution	Course Name	Date	Hours
		Securities and Futures Institute	The 14th Taipei Corporate Governance Forum	2023/09/04	3
		The Non-Life Insurance Association of the Republic of China	2023 Annual Insurance Corporate Governance Seminar	2023/10/06	5.5
		Taiwan Institute of Directors	How the Board of Directors implements protection for elderly consumers	2023/11/07	3
		Taiwan Institute of Directors	How the enterprises implement TCFD from the perspective of the Board of Directors	2023/11/17	3

Implementation of Promoting Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision of the Board of Directors ?	v		<p>In order to improve the management of sustainable development, the Company established the “CSR Committee” in 2015 and renamed it "Sustainable Development Committee" in 2022. The board of directors authorized the General Manager to formulate the "Measures for the Establishment of Sustainable Development Committee", with the General Manager as the Chairman, and the Marketing and Planning Department as a full-time (part-time) unit to promote sustainable development.</p> <p>The Sustainable Development Committee sets up corporate governance, customer care, employee care, environmental sustainability, social welfare and goods and services groups. The groups discuss the implementation guidelines from time to time to implement the promotion of sustainable development. Its membership and work duties are as follows:</p> <ol style="list-style-type: none"> 1. Corporate Governance-The Compliance Office, Auditing Office, Board Secretary Office, Risk Management Department, and Accounting Department are responsible for ethical corporate management, organizational strategy, risk management, legal compliance, internal control, and maintenance of shareholder rights. 2. Customer Care-The Individual Insurance Claims Department, Corporate Insurance Claims Department, Information Department, Risk Management Department, each insurance department, Customer Service Center and other departments are responsible for customer relationship maintenance, customer information confidentiality, information security, consumer rights protection, and other related matters. 3. Employee Care-The Human Resource Department and the General Affairs Department are responsible for employee compensation and benefits, functional management, labor relations, employee education and trainings, and the creation of a friendly employment environment. 4. Environmental Sustainability - The General Affairs Department and Risk Management Department are mainly responsible for environmental protection, pollution reduction, green procurement, supply chain management, and climate change response measures. 5. Social Welfare - The Marketing Planning Department and the General Affairs Department are mainly responsible for the promotion of micro insurance, vulnerable care, community participation in public welfare activities, culture and sports, financial promotion, environmental protection issues, etc. 6. Goods and services - The information department is mainly responsible for digital financial improvement services; The insurance departments are responsible for the development of sustainable commodities and other work. <p>The "Sustainable Development Committee" has held two committees in 2023. In addition to tracking the implementation results of each group, it also identifies sustainable issues of concern to the company's operation and stakeholders, so as to check whether the annual implementation plan needs to re formulate the coping strategy and implementation plan, so as to ensure that the sustainable development strategy is fully implemented in the company's</p>	No deviation

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
			daily operation. On March 12, 2024, the Committee reported to the Board of Directors the results of implementation in 2023, the status of stakeholder communications and the implementation plan for 2024. The Board of Directors supervises the Sustainable Development Committee in promoting sustainable development, including the assessment and review of sustainable development indicators, related risk policies and response strategies, the risks and opportunities of the four core elements of the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and their disclosure in the sustainability report, as well as the implementation plan and improvement items of the corporate governance evaluation, the analysis of core competitiveness issues and review of countermeasures, the corporate In addition, we will also disclose in the sustainability report the implementation plan and improvement plan of the corporate governance evaluation, analysis of the company's core competitiveness and review of countermeasures, the strategic map of sustainable management and the achievement of target control, and the education, training, promotion and commitment of honest management.													
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	v		<p>The data disclosed in this report is from January to December 2023, with the Company's ESG management and achievements as the main focus. The boundary of the risk assessment is all operating activities in Taiwan, and the relevant data and explanations are mainly the head office and branches.</p> <p>In order to ensure that the disclosure of information meets the needs and expectations of stakeholders, the Sustainable Development Committee has adopted the GRI General Guidelines 2021 and the AA1000 Principles of Accountability to further evaluate various issues using the four principles of materiality, impact, responsiveness, and inclusiveness, and has compiled sustainability issues through the three major perspectives of corporate governance, environment, and society. According to the risk after evaluation, relevant risk management policies or strategies are formulated as follows:</p> <table><tr><th>Material Issue</th><th>Risk Assessment</th><th>Explanation</th></tr><tr><td>Environment</td><td>Corporate Environmental Protection and Sustainable Development</td><td>1. Formulate the “Corporate Environment, Energy-saving and Carbon-Reduction Management Measures”, and annually count greenhouse gas emissions and water consumption, and continue to implement energy-saving and carbon-reduction policies. 2. Incorporate climate change risk management into the overall risk management policy and integrate it into the Company’s current overall risk management procedures and mechanisms. 3. Promote energy-friendly activities, implement green procurement policies, and mitigate environmental impacts in order to achieve the goal of sustainable operation.</td></tr><tr><td>Social</td><td>Employee rights protection, talent cultivation and occupational safety and health</td><td>In order to maintain the health of employees and create a good working environment, the Company has formulated the “Occupational Safety and Health Work Code”, the “Occupational Safety and Health Management Plan”, the “Office Air Quality Monitoring Implementation Plan”, and established the General Affairs Department to take charge of labor safety affairs.</td></tr><tr><td>Corporate Governance</td><td>Compliance</td><td>1. Stable and sound corporate governance ensures the sustainable development of the corporate organization. The Company safeguards the rights and interests of its shareholders and other</td></tr></table>	Material Issue	Risk Assessment	Explanation	Environment	Corporate Environmental Protection and Sustainable Development	1. Formulate the “Corporate Environment, Energy-saving and Carbon-Reduction Management Measures”, and annually count greenhouse gas emissions and water consumption, and continue to implement energy-saving and carbon-reduction policies. 2. Incorporate climate change risk management into the overall risk management policy and integrate it into the Company’s current overall risk management procedures and mechanisms. 3. Promote energy-friendly activities, implement green procurement policies, and mitigate environmental impacts in order to achieve the goal of sustainable operation.	Social	Employee rights protection, talent cultivation and occupational safety and health	In order to maintain the health of employees and create a good working environment, the Company has formulated the “Occupational Safety and Health Work Code”, the “Occupational Safety and Health Management Plan”, the “Office Air Quality Monitoring Implementation Plan”, and established the General Affairs Department to take charge of labor safety affairs.	Corporate Governance	Compliance	1. Stable and sound corporate governance ensures the sustainable development of the corporate organization. The Company safeguards the rights and interests of its shareholders and other	No deviation
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Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>interested parties and formulates the “Corporate Governance Best Practice Principles”, the “Policy on Ethical Corporate Management”, the “Codes of Ethical Conduct”, the “Operational Crisis Response Measures”, “Procedures for Handling Transactions with Stakeholders Other Than Loans” and “Operational Guidelines for Financial Transactions between the Company and Related Parties”.</p> <p>2. Also, the Company has formulated the “Principles for Fair Treatment of Customers” and formed an “Implementation Team for Promoting Fair Treatment of Customers Plan” to ensure that every customer can receive fair and undifferentiated treatment.</p> <p>3. We ensure all promotion and execution of the Company’s various businesses in line with the relevant laws and regulations by implementing the mechanism of internal control system.</p> <p>Strengthen the functions of directors</p> <p>The Company arranges diversified continuing education courses for directors to improve their decision-making quality, make good use of their supervision ability, and then strengthen the functions of the board of directors. The continuing education topics include: Anti-Money-laundering and Counter-Terrorism-Financing, IFRS17 Conversion and Insurance enterprise response strategy, implementing protection for elderly consumers, implementing the TCFD from the perspective of Board of Directors, Corporate Governance 3.0 - Sustainable Development Roadmap, sustainable finance and climate change summit, and new challenges for the enterprises in our country: carbon rights x carbon fees x carbon trading, etc., ensuring the operation performance of the board of directors and meet the international trend.</p> <p>Stakeholder Communication</p> <p>Through multiple communication channels, understand and collect the issues concerned by stakeholders, respond to the issues concerned quickly and appropriately according to the importance and priority of the issues concerned by stakeholders, maintain a good and smooth communication channel, and obtain valuable advice and suggestions through Union Insurance Co., Ltd. in the process of communication with stakeholders, so as to truly understand the substantive needs and expectations of stakeholders, In order to identify the potential risks and management opportunities faced by the enterprise, and truly safeguard the rights and interests of stakeholders and trust in Union Insurance Co., Ltd., Union Insurance Co., Ltd. will continue to revise and improve to meet the enterprise's sustainable business philosophy.</p>	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	v		The Company is an insurance industry, not in a major pollution and energy consuming industry, but the Company still regards environmental protection as the key point of a sustainable enterprise. Therefore, the Enterprise Environment and Energy Conservation and Carbon Reduction Management Measures is formulated. The General Affairs Department is responsible for drafting, promoting and maintaining relevant environmental management systems and specific action plans, and holding environmental education and guidance for all colleagues. As of the date of publication of the annual report, there is no relevant verification. Plan to complete the greenhouse gas inventory report and verification by the end of 2027.	No deviation

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Does the Company strive to improve energy efficiency and use recycled materials with low impact on the environment?	v		Promote the concepts of power saving, water saving, and paper reduction to employees on a regular basis, and implement environmental protection concepts in daily work, including replacing office lighting equipment with LED lamps, replacing old power-consuming air conditioners and electrical appliances, and replacing the equipment that complies with environmental protection standards. Computer equipment procurement must comply with the principles of green procurement; photocopying paper is made from crops, natural forests are not cut down, and raw materials are collected by planting trees by themselves. In 2023, electricity consumption was 1,059,897 kWh, which is 146,166 kWh lower than the base year of 2020. The goal for 2028 is to achieve a 15% reduction in per capita electricity consumption (with 2020 as the base year)	No deviation
(III) Does the Company evaluate the potential risks and opportunities of climate change for its business now and in the future, and take relevant measures to address them?	v		According to the Global Risks Report issued by the World Economic Forum, the risks associated with “climate change” have been the most concerned topic for many years, and will cause huge risks to business operations and opportunities; In order to attach importance to climate change issues and management, the Company integrates climate change risks into the overall “Risk Management Policy and Guiding Principles”, takes the identified climate related risks as the basis for the formulation of risk acceptance and operation plan investigation, and is continuously supervised by the board of directors to ensure the effectiveness of risk management and bear the ultimate responsibility of overall risk management. In addition, the Company initiates climate change risk management procedures every year. The “Climate Change Risk Management Team” assesses potential risks and opportunities that climate change may bring, develops appropriate response measures, and integrates relevant information into risk management in the report, which shall be submitted to the Risk Management Committee and the Board of Directors. A detailed description of the Company's climate change risks and opportunities has been disclosed in the Company's sustainability report. (Please also refer to the Company's official website / enterprise sustainability / sustainability report to download https://www.wwunion.com/?p=16085)	No deviation
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	v		The Company conducts annual surveys and statistics on greenhouse gas emissions and water consumption (as detailed in our sustainability report), and has formulated the Enterprise Environment and Energy Conservation and Carbon Reduction Management Measures for all colleagues to implement. However, we have not yet conducted greenhouse gas emission verification, but have completed the Verification Schedule Plan.	No deviation

Promotion Item		Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof						
		Yes	No	Description							
IV. Social Issues											
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	v		<p>The Company attaches great importance to labor rights and interests, recognizes and supports the principles disclosed in international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant and the Convention of the International Labour Organization. The "Human Rights Policy of Union Insurance Co., Ltd." was approved by the board of directors and published on the company's website, formulates relevant labor and ethics policies in accordance with its guidelines, and regularly holds labor and capital meetings and employee welfare committees, Communicate and exchange on the promotion of labor capital cooperation, coordination of labor capital relations, improvement of working conditions and labor welfare planning issues, so as to build a diversified and inclusive friendly workplace. When the Company has major operational changes that affect the rights and interests of employees, advance notice will be handled in accordance with labor-related laws and regulations, and explanations will be made to employees in a timely manner.</p> <p>The human rights policy or procedure related training courses in 2023 include anti-corruption, anti bribery, honest operation, personal asset protection and information security. The total number of employees trained is 16,332, the total number of training person hours is 26,819 hours, and the employee training rate is 100%.</p> <p>The Company's human rights management policies and specific plans are summarized as follows:</p> <table><tr><td>Human rights management policy</td><td>Specific scheme</td></tr><tr><td>Provide a safe and healthy working environment</td><td>Please refer to V for the relevant instructions of "Protective Measures for Work Environment and Employees' Personal Safety" in industrial relations.</td></tr><tr><td>Prohibit forced labor and abide by the labor laws and regulations of the local government</td><td>Implement the leave system, encourage employees to pay attention to the balance between work and life, and regularly remind employees of the number of days they should not take leave.</td></tr></table>		Human rights management policy	Specific scheme	Provide a safe and healthy working environment	Please refer to V for the relevant instructions of "Protective Measures for Work Environment and Employees' Personal Safety" in industrial relations.	Prohibit forced labor and abide by the labor laws and regulations of the local government	Implement the leave system, encourage employees to pay attention to the balance between work and life, and regularly remind employees of the number of days they should not take leave.	No deviation
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Prohibit forced labor and abide by the labor laws and regulations of the local government	Implement the leave system, encourage employees to pay attention to the balance between work and life, and regularly remind employees of the number of days they should not take leave.										
(II) Does the Company establish and implement reasonable employee welfare measures (including salary, leave and other benefits) and appropriately reflect operational performance or results in employee compensation?	v		<p>1. The Company’s employee remuneration includes monthly salary, year-end bonus and employee remuneration. Year-end bonuses are distributed based on the Company’s operating performance and individual employee performance for the year, and employee remuneration is based on the Company’s Articles of Incorporation. If there is a profit in the year, one to five percent shall be allocated as employee remuneration. However, if there are still accumulated losses, certain profits shall first be allocated to make up for accumulated losses, then the remaining balance shall be made available to allocate any bonuses or compensations.</p> <p>2. The Company established the employee welfare committee and allocated nearly NT\$15.6 million in employee benefits in 2023, and formulated employee welfare measures in accordance with various labor-related laws and regulations? Please refer to V for the implementation status of "Employee Welfare Measures" in industrial relations.</p>		No deviation						

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																									
	Yes	No	Description																										
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	v		<p>1. Regularly inspect the lighting, air-conditioning, and fire-fighting equipment in the working environment to maintain the cleanliness of the environment. Regularly conduct check-ups for employees, and hire workplace nurses to provide health consultations and conduct occupational health and safety seminars. Also cooperate with the government's major epidemic announcement and publicity. However, there is no relevant certification at present.</p> <p>2. In 2023, the number of employees suffering from occupational accidents was 2, all of which were caused by accidents on the way to the public, and there were no disabled. The number of employees suffering from occupational disasters was 2, accounting for 0.18% of the total number of employees at the end of the year, and there was 0 fire incidents. The Company conducted 1,129 occupational safety and health education and training for employees in 2023, with a training rate of 100%.</p>	No deviation																									
(IV) Has the Company established an effective competency development career training program for employees?	v		<p>In addition to the "general knowledge" and professional courses for new recruits, the company's education system also includes "functional education and training", "class education and training", "project knowledge education and training" and "knowledge sharing self inspiration education and training". Through different functional training, new recruits can accelerate their familiarity with the work content and integrate into the Company culture, so as to condense the centripetal force of the Company. In addition, it can also pass on practical experience through course interaction and advanced predecessors in the workplace, establish a good and correct working attitude and concept, and greatly shorten the labor pains in the workplace. For senior employees, Union Insurance Co., Ltd. encourages students to step out of the comfort zone, learn new skills and improve their competitiveness. In order to make the Company transfer smoothly from generation to generation, an agent system is established through department rotation, so as to cultivate and strengthen personal communication management skills and problem-solving ability, and improve the overall human resource quality of the Company.</p> <p>In 2023, the average annual training hours per person were 32.58 hours, with a total of 20,993 participants and a total of 36,037.8 hours.</p> <table border="1"> <thead> <tr> <th>Position Level</th><th>Male</th><th>Female</th><th>Total Hours</th><th>Average Hours</th></tr> </thead> <tbody> <tr> <td>Management employee</td><td>6,036.2</td><td>4,198</td><td>10,234.2</td><td>41.43</td></tr> <tr> <td>General employee</td><td>10,631</td><td>15,172.6</td><td>25,803.6</td><td>30.04</td></tr> <tr> <td>Total Hours</td><td>16,667.2</td><td>19,370.6</td><td>36,037.8</td><td></td></tr> <tr> <td>Average Hours</td><td>33.67</td><td>31.70</td><td>32.58</td><td></td></tr> </tbody> </table>	Position Level	Male	Female	Total Hours	Average Hours	Management employee	6,036.2	4,198	10,234.2	41.43	General employee	10,631	15,172.6	25,803.6	30.04	Total Hours	16,667.2	19,370.6	36,037.8		Average Hours	33.67	31.70	32.58		No deviation
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(V) Does the Company comply with relevant laws and regulations and international standards, and has a	v		<p>The Company provides insurance products to protect policyholders for compensation for losses caused by insured accidents. The marketing documents, requirements for insurance, policy clauses, and insurance rates of the products provided shall be all processed in accordance with relevant insurance laws and regulations. Also, the Company has followed the relevant provisions of the Personal Data Protection Act for the various services to policyholders, fully introduced the information security management system (ISMS), obtained the information security management</p>	No deviation																									

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
policy and complaint procedure to protect the rights of consumers or customers with respect to the health and safety of customers, customer privacy, marketing and labeling of products and services?			(ISO27001) certification and personal data protection (BS10012) certification, and established the personal information management system (PIMS). In order to safeguard the rights and interests of financial consumers, the Company has established the “Financial Consumption Dispute Resolution System”, which has been approved and implemented by the Board of Directors, set up a “Policyholder Service and Appeal Center” to handle customer complaints, provided a 24-hour 0800 toll-free hotline. Also, the Company has a “Customer Service Center” on its official website, providing all-weather insurance professional services.	
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health and labor rights, and requested their reporting on the implementation of such issues?	v		In order to work with contractors to implement corporate social responsibility, promote sustainable environmental development and safeguard basic human rights, the Company regularly visits outsourced printing companies every year to ensure that they meet the requirements of environmental protection and maintenance of labor standards. For the procurement of information equipment and electrical equipment, manufacturers are also required to provide products with environmental protection and energy saving labels, in order to jointly promote environmental protection with suppliers, reduce environmental impact, and achieve the goal of environmentally sustainable operation.	No deviation
V. Has the Company prepared reports that reveal non-financial information, such as sustainable development reports, with reference to international reporting standards or	v		The Company's sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 published by the Global Sustainability Standards Board, the Climate-Related Financial Disclosures for Insurance Sector, and the Insurance Industry Standards of the Sustainability Accounting Standards Board (SASB), and the Company has commissioned KPMG to conduct independent limited assurance for Union Insurance Co., Ltd. in accordance with the first to fourth items that should be disclosed by the financial and insurance industry in accordance with Paragraph 3, Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and the Assurance Standard Bulletin No. 1 “Assurance Cases That Are Not Historical Financial Information Audit or Review” issued by the Accounting Research and Development Foundation (formulated with reference to the International Standard on Assurance Engagements (ISAE) 3000), and the statement of assurance	No deviation

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
guidelines? Are the reports certified or assured by a third-party accreditation body?			opinions is expected to be obtained in early June 2024.	
VI. If the Company has its own code of practice for sustainable development in accordance with the Sustainable Development Best Practice Principles of TWSE/TPEx-Listed Companies, please describe the differences between its operation and the code: The Company passed the “Corporate Social Responsibility Principles” and “Corporate Social Responsibility Policy” at the 27th Meeting of the 23rd Board of Directors on July 30, 2015. In response to the amendment of laws and regulations, it was approved at the 33rd meeting of the 25th session of the board of directors on January 19, 2022 to amend the name to "Sustainable Development Best-Practice Principles" and "Sustainable Development Policy". There is no deviation between the Company’s actual operations and these principles and policies.				
VII. Other important information to help understand the implementation of sustainable development: The Company participates in activities related to community development, charitable organizations and local government organizations through in kind donations.				
Driving goals	Action		Implementation results	
Social co-prosperity Union Insurance helps ethnic groups with limited resources in society through public welfare participation. We hope to support vulnerable children, elders and specific groups to obtain basic care, security and needs, so as to promote social harmony.				
Vulnerable care	Support social welfare unit activities, leverage corporate influence, and build good relationships.		✳ Sponsored the Autism Society of Taiwan [2023 Star Compassion, Let Love Move] Garden Tour. ✳ Sponsored the Shengho Elderly Long-term Care Center "Warmth in the Cold Winter, Warmth for You and Me" ✳ Colleagues participated in the "Books for Love, Donations for Children" event. ✳ Sponsored the Autism Society of Taiwan [2023 United Effort for Love] round island bike event.	
Promote the nationwide movement	Enhance the sports culture of people		✳ Sponsored the Syin-Lu Social Welfare Foundation and invited 100 colleagues to participate in the "Good Day Walk". ✳ Sponsored the National Wheelchair Badminton Championships of the Badminton Cup for seven consecutive sessions. ✳ Sponsored the Kantou Temple "Public Welfare Prayer GO Road Run" with over 4000 participants ✳ Sponsored the "Hakka Cultural Heritage Hiking Event". ✳ Sponsored the "Youth Taiko 10th Anniversary Gratitude Performance" event. ✳ Sponsored the "Yingge Bi-Long Temple Green Dragon Temple Parent-Child Hiking" event.	
Promote volunteer spirit	Sponsor charity concert		✳ Sponsored 10 public welfare concerts of "Making Dedication a Glory" by Want Want China Times ✳ Hosted 6 public welfare concerts of "Make Grandparents the Treasures in Our Hearts"	
Community residents' health care	Promote medical lectures on health		✳ Sponsored Want Want China Times "Life Lecture Series - Health Lectures", totaling 10 sessions.	

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
Inclusive finance In order to ensure equal access to insurance services for disadvantaged individuals, small and micro enterprises, and fresh members of society who are easily overlooked by traditional finance, Union Insurance strives to meet the needs of various social classes and become an important driving force for improving social happiness through education and insurance products.				
Knowledge promotion	Popularization of insurance knowledge and policy oriented insurance promotion		✳ Held 11 insurance knowledge promotion activities in 2023. ✳ Sponsored the Taiwan Financial Services Roundtable' Financial Services Education Public Welfare Fund.	
Micro insurance	Donate premiums for micro insurance		✳ Donated a total of 14 social welfare organizations in 2023	
Art and cultural creation Enhance public interest in artistic creation and appreciation, allowing everyone to experience the joy of art.				
Promote artistic and cultural activities	Promotion and popularization of art and literature education		✳ Sponsored Kantou Temple Junior College Western Painting Rising Star Award and the Junior High School Painting Summer Camp. ✳ Sponsored Professor Pan Peng-Ping's "Su Family Manor Oil Painting Solo Exhibition".	
	Promotion and development of music culture		✳ Sponsored the Tainan Arts Festival 2023 event. ✳ Sponsored the "2023 Taiwan 88 Campus Tour Concert".	
Green care The ocean not only has the ability to absorb and fix carbon, but also plays a key role in producing oxygen, while plastic pollution poses serious marine hazards, and protecting the ocean can help reduce carbon emissions and slow down climate change.				
Environmental sustainability	Planned beach cleaning activities to cherish and conserve marine resources		✳ Organized the "Love of a Thousand Years" Guanxin Algal Reef Ecological Tour and Beach Cleanup event	

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the difference reason and explain related future policies and plans for strategies and measures in the column "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof".

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

Climate-Related Information of TWSE & TPEX Listed Companies

1. Implementation Status of Climate-related Information

Item	Implementation Status
<p>1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>In order to establish an effective governance framework, the Board of Directors acts as the highest supervisory unit for climate-related risks of Union Insurance Co., Ltd, providing guidance, supervision, and management of climate-related risks, and promoting comprehensive climate strategies and policies. A Risk Management Committee has been established under the Board of Directors, responsible for reviewing and supervising the implementation of the risk management mechanism, reporting to the Board of Directors in a timely manner and proposing necessary improvements. The Risk Management Department submitted four reports to the Risk Management Committee and four reports to the Board of Directors in 2023.</p> <p>Union Insurance Co., Ltd. has established the Climate Change Risk Management Team to promote climate change-related issues, track the implementation of climate-related risk management by various teams and departments, and include it in the quarterly risk management report for submission to the Risk Management Committee and the Board of Directors. The Climate Change Risk Management Team held a total of four meetings in 2023.</p> <p>The Board of Directors has authorized the convenor (General Manager) to establish the Sustainable Development Committee, which includes Corporate Governance, Customer Care, Employee Welfare, Environmental Sustainability, Social Welfare, and Product Service teams. The main purpose of this committee is to formulate ESG goals and implementation plans, review the implementation status of various work objectives every six months, and report to the Board of Directors on the implementation effectiveness of the previous year within four months after the end of the year, in order to deepen the implementation and execution of the Union Insurance Co., Ltd.'s sustainable development policy.</p>
<p>2. Explain how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).</p>	<p>In order to evaluate the potential risks and opportunities associated with climate change, it is essential to integrate climate change factors into our operational strategy planning and decision-making processes. Union Insurance Co., Ltd. conducts internal workshops to discuss the impacts of various climate risks and the development opportunities arising from climate change; <u>please refer to Chapter 3 of the Company's Sustainability Report for details. Climate Change - Active Protection.</u></p>
<p>3. Describe the impact of extreme weather events and transition actions on finance.</p>	<p>Determine the financial impacts of climate risk factors on finance through participation and discussions among various business units. For more information, <u>please refer to Chapter 3 of the Company's Sustainability Report. Climate Change - Active Protection.</u></p>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p>	<p>Union Insurance Co., Ltd. has incorporated climate risk issues into its company risk management system and has established the "Climate Change Risk Management Measures". The "Climate Change Risk Management Team" identifies the scope of climate physical and transitional risks through discussions, including: <u>Physical risks</u> are primarily assessed based on the geographical location of assets to evaluate the level of impact from specific regions, and regular confirmation is conducted to determine if the insured assets of its operations and insurance business (e.g., typhoon risk, flood risk) are located in areas susceptible to climate-related risk factors and their exposure positions. Assess the impact of <u>transition risks</u> by considering the exposure of carbon-related (high-carbon emissions or high-energy consumption) assets. Understand international trends in low-carbon transition-related policies, new technologies, and climate-related risk management, and assessing their impact on our operations. Prioritize the identification of industries with high transition risks in terms of investment exposure.</p>

5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be described.	Conduct stress test based on scenarios prepared by the Stability Fund (Scenario 1 - Assuming the occurrence of a severe typhoon hitting Taiwan Island (200-year return period magnitude) and Scenario 2 - Assuming the occurrence of a major earthquake with a 250-year return period), in addition to the significant impact on the company's business portfolio and other associated losses; the company's financial condition assessment results show that the risk based capital ratio (RBC) still meets the control standards (300% or above)
6. If there is a transformation plan in place to address climate-related risks, describe the details of the plan, including the indicators and objectives used to identify and manage both physical and transitional risks.	In response to <u>physical risks</u> , gradually reduce the proportion of insured assets located in high-risk areas (such as those prone to typhoons, floods, landslides, and rising sea levels) each year; In response to <u>transition risks</u> , gradually reduce the proportion of carbon-related assets/ assets with high climate transition risks in its investment and insurance business portfolios each year;
7. If internal carbon pricing is used as a planning tool, the basis for the price determination should be described.	<u>No plans currently</u>
8. If climate-related targets are set, information on the activities covered, the scope of GHG emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits offset or the quantity of renewable energy certificates (RECs) should be described.	1. Climate-related goals include operational aspects - per capita carbon emissions, water consumption, and electricity conservation ratio; insurance commodity aspects - the proportion of insured properties in high-risk areas and the proportion of carbon-related assets/assets with high climate transition risk in investment and insurance portfolios; and greenhouse gas emission intensity of the investment portfolios. <u>Please refer to Chapter 3 of the Company's sustainability report for more information on the specific implementation. Climate Change - Active Protection.</u> 2. <u>Currently, there are no plans for carbon offsetting or renewable energy certificates.</u>
9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans (to be completed in 1-1 and 1-2).	

Greenhouse Gas Inventory and Verification Status of the Company in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

Description of GHG emissions (metric tons of CO ₂ e), intensity (metric tons of CO ₂ e/NT\$ million) and data coverage for the last two years				
1. The carbon emissions for 2022 are calculated using the operational control method, which encompasses 16 operational sites: Head Office / Yongan / Taipei / Taoyuan / Chungli / Hsinchu / Taichung / Fengyuan / Changhua / Nantou / Jiayun / Yongkang / Tainan / Kaohsiung / Gangshan / Pingtung.				
2. The carbon emissions for 2023 are calculated using the operational control method, which encompasses 15 operational sites: Head Office / Yongan / Taipei / Taoyuan / Hsinchu / Taichung / Fengyuan / Changhua / Nantou / Jiayun / Yongkang / Tainan / Kaohsiung / North Kaohsiung / Pingtung.				
Plant area	Scope	2021	2022	2023
Head Office/Branches	Scope 1	0	0	0
	Scope 2	549.3	534.9	524.9
	Total of Scope 1 and Scope 2	549.3	534.9	524.9
	Greenhouse gas emission intensity metric tons CO ₂ e/NT\$ million revenue	0.0624	0.0629	0.515

1-1-2 Greenhouse Gas Assurance Information

Explanation of the greenhouse gas assurance status for the two most recent fiscal years as of the printing date of the annual report, including the scope of assurance, assurance provider, assurance standards, and assurance opinions.
As of the printing date of the annual report, no greenhouse gas assurance has been conducted

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

Explanation of the base year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the status of achieving reduction targets.	
Strategic Direction	Implement energy conservation and carbon reduction measures, including saving electricity, conserving water, and avoiding resource wastage
Reduction Target	<p>2024 Short-term target: Reduce per capita carbon emissions by 11.5% by 2024 (with 2020 as the base year) Reduce per capita water consumption by 2.5% by 2024 (with 2020 as the base year) Electricity saving per capita reduce by 12.5% by 2024 (with 2020 as the base year)</p> <p>2024 to 2029 medium-term target: Reduce per capita carbon emissions by 13% by 2029 (with 2020 as the base year) Reduce per capita water consumption by 3.5% by 2029 (with 2020 as the base year) Electricity saving per capita reduce by 13.5% by 2029 (with 2020 as the base year)</p> <p>2032 Long-term target: Reduce per capita carbon emissions by 16.5% by 2032 (with 2020 as the base year) Reduce per capita water consumption by 4.5% by 2032 (with 2020 as the base year) Electricity saving per capita reduce by 15.5% by 2032 (with 2020 as the base year)</p>
Target results	<p>1. In 2023, emissions were 524.9 kgCO₂e, reducing per capita carbon emissions by 10.6% (with 2020 as the base year)</p> <p>2. In 2023, the total water consumption from tap water was 11.349 million liters, representing a 2% decrease in per capita water usage (with 2020 as the base year)</p>

	3. In 2023, 3,815,629 million J was consumed, representing a 12% decrease in per capita electricity (with 2020 as the base year)
Action Plan	<ul style="list-style-type: none"> ■ Promote energy saving and carbon reduction to colleagues ■ Replacement of Old Electrical Equipment

Implementation of ethical corporate management and difference between the implementation and the "Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies" and reasons thereof

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have policies and practices for ethical corporate management passed by the BOD and clearly state them in regulations and publicly available documents? Do the BOD and senior management make commitments to actively implement those business policies?	Yes		The Company has established the "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct," which have been implemented upon approval of the Board of Directors through resolutions. The aforesaid regulations have specified the ethical corporate management policies and practices and stipulated that the directors, supervisors, managers, employees, and mandataries of SinoPac Holdings and persons having substantial control shall not engage in unethical conduct and shall commit themselves to the rigorous and thorough implementation of the ethical corporate management policies both in internal management and external business activities.	No deviation.
(II) Does the Company establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Does the Company formulate a plan to prevent unethical conducts, which at least covers the precautionary measures prescribed in Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	Yes		The Company's "Policy on Ethical Corporate Management" has referred to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". The Company formulates preventive plans and measures for receiving improper benefits, political contributions, donations or sponsorships, infringement of intellectual property rights, conflicts of interest, leakage of trade secrets, insider trading, etc., analyzes and evaluates business activities with a higher risk of dishonesty on a monthly basis through the operational risk checklist.	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the Company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequences of violation and complaint procedures in such policies?	Yes		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct," which specify the ethical corporate management practices and prevention programs against unethical conduct, including operating procedures, guidelines, punishments for violations, a disciplinary and appeal system, and guide all employees on how to prevent unethical conduct such as offering and acceptance of improper benefits when conducting business.	No deviation.
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	Yes		In order to confirm the objective integrity conditions of the transaction manufacturers, the Company's undertaking unit first confirms the legal compliance of the counterparty and whether there are credit deficiencies before the transaction, and establishes the integrity clause and related penalties for breach of contract depending on the nature of the contract. The manufacturers will be required to make compensations as agreed if fail to perform it.	No deviation.
(II) Has the Company established an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and does it report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	Yes		The Company's Internal Auditing Office is responsible for designing policies and preventive measures in relation to corporate integrity. It also supervises and reports to the Board of the Company regularly regarding the implementation.	No deviation.
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	Yes		In order to prevent conflicts of interest, the Company has established the "Codes of Ethical Conduct", the "Procedure for Processing Matters Other Than Lending with Interested Parties" and the "Specifications for the Company and Domestic and Foreign Insurance-Related Businesses in Compliance with Regular Transactions, Conflicts of Interest Prevention, and Insider Trading Practices", and set up E-mails such as the investor service window and the special area for interested parties as statement channels.	No deviation.
(IV) To implement relevant policies on ethical	Yes		The Company has an accounting system and handles related matters in accordance	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
conduct, has the Company established effective accounting and internal control systems and assign an internal audit unit to develop relevant auditing plans according to the assessment results of unethical conduct risks? Does the Company inspect the implementation of such auditing plans or assign CPAs to implement the auditing?			with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”. The Company has established an internal audit system, a self-inspection system, a regulatory compliance system, and a risk management system in accordance with regulations to maintain an effective internal control system operation. The audit unit conducts regular inspections in accordance with the “Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises”. The Company also handles the accountant audit system in accordance with the “Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises”.	
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	Yes		The Company conducts education and training related to ethical corporate management every year to enable board members, managerial officers, and employees to understand the policies and plans of ethical corporate management and the legal consequences of violations. The education and training courses (including legal compliance, personal data protection law, risk management, accounting and finance, auditing, information security, insurance agent management rules, sustainable development, anti-money laundering and counter-terrorist financing, financial service industry principles for fair treatment of customers, and ethical corporate management education and training, etc.) in 2023 totaled 28,631 participants, and the total number of training hours was 31,498.	No deviation.
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	Yes		The Company has set up “Reporting Illegal Acts and Its Acceptance Measures”, and has an investor service window, and has a special area for interested parties on the Company’s official website to handle complaints and reports and other related matters.	No deviation.
(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related	Yes		The Company has formulated “Reporting Illegal Acts and Its Acceptance Measures”, “Guidelines for Reward Reporting and Claiming Illegal Cases”, “Communication Management Measures with Stakeholders”, and “Codes of Ethical Conduct”, and shall implement standard operating procedures for processing and confidentiality	No deviation.

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) confidentiality mechanisms? Does the Company provide protection for whistle-blowers against receiving improper treatment?	Yes		mechanism accordingly. The Company has established “Reporting Illegal Acts and Its Acceptance Measures”, “Guidelines for Reward Reporting and Claiming Illegal Cases”, “Communication Management Measures with Stakeholders”, and “Codes of Ethical Conduct”, and shall implement standard operating procedures for processing and whistleblower protection system accordingly.	No deviation.
IV. Strengthen information disclosure Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	Yes		The Company discloses the “Ethical Corporate Management Best Practice Principles” and “Policy on Ethical Corporate Management” on the Company’s website and the Market Observation Post System (MOPS), and has a corporate governance column to disclose relevant information.	No deviation.
V. The Company has established its own ethical corporate management 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.			
VI. Any other important information on the Company’s implementation of ethical corporate management (such as the status of its reviews and amendments of its “Ethical Corporate Management Best Practice Principles”):	The Company’s Board of Directors has passed the “Report of Illegal Acts and Its Acceptance Measures”, “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles” and “Policy on Ethical Corporate Management” for compliance.			

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any.

Corporate governance B items are provided in the “Public Information” section of the Company’s official website for the general public and investors to inquire about relevant information and regulations.

The Company’s website is <http://www.wwunion.com>

(VIII) Other information enabling better understanding of the Company's corporate governance.

1. The Company’s material information is disclosed in a timely manner and posted on the website designated by the competent authority and the Company’s official website.
2. The Company’s Board of Directors has passed the “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice

Principles”, “Policy on Ethical Corporate Management” and “Reporting Illegal Acts and Their Acceptance Measures” for compliance.

3. In order to facilitate and encourage shareholders to participate in corporate governance and exercise shareholder rights, the Company has adopted electronic methods as one of the channels for exercising voting rights since 2016.

(IX) Status of Internal Control System

1. Statement of Internal Control System

Union Insurance Co., Ltd.

Statement on Internal Control System

Based on the results of self-inspection of the Company's internal control system for the period from January 01, 2023 to December 31, 2023, the Company hereby declares as follows:

- I. The Company is aware that the establishment, implementation and management of the internal control system is the responsibility of the Board of Directors and management and the Company has established this system. The purpose of the internal control system is to provide reasonable assurance for the achievement of operational, financial reporting and legal compliance. The goal of operation is to pursue the effectiveness and efficiency of operation, including the objectives of profitability, performance and asset safety; The goal of financial reporting is to pursue reliable external financial reporting; the goal of legal compliance is to pursue compliance with relevant laws and regulations. The legal compliance system is part of the internal control system, i.e. achievement of the goal of legal compliance; financial records and statements are prepared in accordance with the insurance law and relevant regulations, and are part of the results of the internal control system for financial reporting.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism, and once the missing is identified, the Company will take corrective action.
- III. The Company judges whether the design and implementation of the Company's internal control system is effective in accordance with the provisions of the "Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises" (hereinafter referred to as the "Implementation Regulations") issued by the Financial Regulatory Commission. The above judgment is also based on the judgment items for the effectiveness of the internal control system stipulated in the "Implementation Regulations". The internal control system is divided into five elements: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each element also includes a number of judgment items. Please refer to the provisions of the "Implementation Regulations" for the aforementioned items.
- IV. The Company has adopted the above-mentioned internal control system to judge the project and check the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results of the preceding paragraph, the Company believes that the design and implementation of the internal control system (including operation, financial reporting, overall implementation of information security and legal compliance) during the opening period is effective. In addition to the matters listed in the attached table, it can reasonably ensure that the Board of Directors and managers are aware that the degree of achievement of operation goal, and financial reporting and legal compliance goals have been achieved. The Company also believes that the financial records and statements are prepared in accordance with the Insurance Law and relevant regulations, the basis of preparation is consistent, and their correctness is fair.

VI. If the Company is a public offering company, the following statement shall be added: This statement will become the main content of the Company's annual report and public prospectus. If the above-mentioned public content is false, concealed or involves other illegal matters, it will assume the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act or relevant provisions of the Insurance Law.

VII. This statement was approved by the Board of Directors of the Company on March 12, 2024.

Sincerely
Financial Supervisory Commission

Declared by:	Union Insurance Co., Ltd.	
Chairman:	Hung-Hsiung Hung	(Signature and Seal)
General Manager:	Tzu-Ming Liu	(Signature and Seal)
Chief Auditor:	Li-Hung Wang	(Signature and Seal)
Chief Compliance Officer of Head Office:	Ching-Hua Ke	(Signature and Seal)
Chief Information Security Officer: (Director of Information Security Task Force):	Shen-Chi Jian	(Signature and Seal)

March 12, 2024

Union Insurance Co., Ltd.
Matters to Be Strengthened and Improvement Plan for the Internal Control System
(Reference date: December 31, 2023)

Matters to be strengthened	Improvement measures	Scheduled completion time for improvement
None		

Statement on Internal Control System for Anti-Money Laundering and Counter-Terrorist Financing

It is declared on behalf of Union Insurance Co., Ltd. that from January 1, 2023 to December 31, 2023, the Company established an internal control system and implemented risk management in compliance with the laws related to money laundering prevention and terrorism prevention, and was audited by the independent audit department and the audit results were regularly reported to the Board of Directors and Supervisors/Audit Committee/Board of Supervisors. After careful assessment, the internal control and legal compliance of each unit to prevent money laundering and combat terrorism were effectively implemented, except for the matters in the "Matters to Be Strengthened and Improvement Plan for Anti-Money Laundering and Counter-Terrorist Financing" attached.

Sincerely

Financial Regulatory Commission

Declared by:	Union Insurance Co., Ltd.	
Chairman of the Board:	Hung-Hsiung Hung	(Signature and Seal)
General Manager:	Tzu-Ming Liu	(Signature and Seal)
Chief Auditor/Senior Auditor:	Li-Hung Wang	(Signature and Seal)
Head of Anti-Money Laundering and Counter-Terrorist Financing:	Ching-Hua Ke	(Signature and Seal)

March 12, 2024

Matters to Be Strengthened and Improvement Plan for Anti-Money Laundering and
Counter-Terrorist Financing
(Reference date: December 31, 2021)

Matters to be strengthened	Improvement measures	Scheduled completion time for improvement
None		

2. CPAs' Audit Report on Internal Control System

Auditor's Reasonable Assurance Report

For review by Union Insurance Co., Ltd.:

The design and implementation of the internal control system of Union Insurance Co., Ltd. (hereinafter referred to as "the Company") regarding external financial reports (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance on December 31, 2023, regarding effective design and implementation of the internal control system as of 2024/3/12, as assessed against external financial reporting (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance have been declared in a statement by the Company, which has been subject to the necessary procedures performed by our auditor.

Subject Matter, Subject Matter Information, and Applicable Criteria

The subject matter and subject matter information of this confirmation case respectively are the design and implementation of the internal control system of Union Insurance Co., Ltd. (hereinafter referred to as "the Company") regarding external financial reports (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance on December 31, 2023, regarding effective design and implementation of the internal control system as of 2024/3/12, as assessed against external financial reporting (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance have been declared in a statement by the Company, please refer to the attachment for details.

The criteria used for measuring or evaluating the aforementioned subject matter and information of it are the effectiveness of the internal control system of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises and the Regulations Governing Foreign Investments by Insurance Companies.

Inherent Limitations

Due to the inherent limitations of any internal control system, the aforementioned internal control system of Union Insurance Co., Ltd. may still fail to prevent or detect errors or fraud that have already occurred. In addition, there may be future environmental changes that could potentially diminish the effectiveness of internal control systems. Hence, the effectiveness of the internal control systems in this period does not ensure their effectiveness in the future.

Responsibilities of the Management

The responsibility of the Company's management is to establish an internal control system in accordance with the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises and related laws and regulations, and to review it from time to time to maintain the design and implementation of the internal control system in an effective manner, and to issue a statement of internal control system after evaluating its effectiveness.

Responsibilities of the CPAs

The CPAs planned and performed audit in accordance with Article 26 of the Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises, Financial-Supervisory-Insurance-Corporate No. 10602506430 Letter issued on January 15, 2018 and Financial-Supervisory-Insurance-Corporate No. 10904350082 Letter issued on January 22, 2021 regarding the code for CPAs to perform audit of internal control system in the insurance industry and the generally accepted auditing standards to provide a reasonable assurance as to whether the above internal control system of the Company is maintained in all material respects. This audit includes understanding the Company's internal control system, evaluating the management's process of evaluating the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and implementation of the internal control system, and other audit procedures deemed necessary by the CPAs. The CPAs believe that this audit can provide a reasonable basis for the opinions expressed.

Independence of the CPAs and Quality Management Regulations

KPMG and our CPAs have complied with the requirements of the Norm of Professional Ethics for Certified Public Accountants with respect to independence and other ethical standards, which are based on the principles of integrity, impartiality and objectivity, professional competence and professional due diligence, confidentiality and professional conduct. In addition, the accountant's firm adheres to quality management standards and maintains a comprehensive quality management system. This includes written policies and procedures that comply with professional ethics, industry standards, and relevant laws and regulations.

General Description of the Procedures Performed

The auditor has planned and executed necessary procedures, using professional judgment, to gather evidence pertaining to the subject matter and the information regarding the subject matter. The CPAs exercises professional judgment in planning and performing the procedures necessary to obtain evidence of the subject matter and the information about it. The procedures performed include obtaining an understanding of the Company's internal control system, evaluating the effectiveness of management's process for assessing the overall effectiveness of the internal control system and evaluating the effectiveness of the design and implementation of the internal control system in relation to external financial reporting (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance, and other audit procedures deemed necessary by the CPAs.

Confirmed Conclusion

According to the opinions of the CPAs, design and implementation of the internal control system of the Company regarding external financial reports (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance on December 31, 2023 can maintain effectiveness in all material respects in accordance with the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises and the Regulations Governing Foreign Investments by Insurance Companies; the statement of the Company dated March 12, 2024 regarding effective design and implementation of the internal control system regarding external financial reports (including the correctness of the report information reported to the competent authority in accordance with of financial reports), asset security (preventing assets from being obtained, used and disposed of without authorization) and legal compliance as evaluated is appropriate in all material respects.

KPMG
CPA

March 12, 2024

- (X) **Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the Annual Report:**

Penalties Imposed by Competent Authorities:

Sequence number	Date of receipt	Date of issue and file No.	Violated Regulation	Subject	Penalty (NT\$)	Improvement
	None					

- (XI) **Major Resolutions of Shareholders' Meeting and Board Meetings within the current fiscal year and as at the date of the Annual Report:**

Major Resolutions of Board Meetings within 2023 and as at the date of the Annual Report

Meeting Date	Summary of Major Proposals	Resolution	Implementation Status
2023.01.12	Discussed the performance bonus of the Company's Chairman and General Manager in 2022, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
	Discuss the performance evaluation of managerial officers appointed by the Company in 2022 and their year-end bonus	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled according to the resolution.
2023.03.10	Discussed the Company's employee and director remuneration distribution plan 2022	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
	Discussed the Company's Business Report and Financial Statements for 2022	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution and reported to the competent authority for approval and included in the pending ratification affairs of the 2023 general meeting of shareholders.
	Discussed the proposal on the make-up of losses of the Company for 2022	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending ratification affairs of the 2023 general meeting of shareholders.

Meeting Date	Summary of Major Proposals	Resolution	Implementation Status
	Proposed amendments to some provisions of the Company's Articles of Incorporation	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending discussion of the 2023 general meeting of shareholders.
	Discussion on the date, time, place, meeting procedures, content of the main proposals and other related matters of 2023 regular shareholders' meeting	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution.
2023.03.30	Discuss the proposal on additions to the 2023 annual meeting of shareholders and other related matters	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution.
2023.04.27	About the Company's financial report for Q1 2023	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution and reported to the competent authority for approval.
2023.06.27	Regarding the Company's plan to implement an employee stock ownership trust and establish the proposal for the implementation of the Employee Stock Ownership Trust.	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
	Regarding the Company's Implementation of Managers' Participation in the Employee Stock Ownership Trust Deposit Incentive Plan	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
2023.07.26	Amendments to some provisions in the Corporate Governance Best Practice Principles of the Company	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled according to the resolution.
2023.08.25	About the Company's financial report for H1 2023	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution and reported to the competent authority for approval.
	Proposed amendment to certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings"	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending discussion of the 2024 general meeting of shareholders.

Meeting Date	Summary of Major Proposals	Resolution	Implementation Status
	Discussed the traveling fees and remuneration for the newly-appointed Directors	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
2023.09.26	Proposed amendments to some provisions of the Company's Articles of Incorporation	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending discussion of the 2024 general meeting of shareholders.
2023.10.30	About the Company's financial report for Q3 2023	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution and reported to the competent authority for approval.
2023.12.28	Proposed amendments to some provisions of the Company's Articles of Incorporation	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending discussion of the 2024 general meeting of shareholders.
	Proposed amendment to some provisions in the Corporate Governance Best Practice Principles of the Company	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled according to the resolution.
	Proposed revision of the Company Bylaws Compilation 023 "Procedures for Handling Outsourced Internal Control Operations"	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled according to the resolution.
2024.01.30	Discussed the performance bonus of the Company's Chairman and General Manager in 2023, and reviewed the appropriateness of the "Performance System and Evaluation Mechanism for Chairman and General Manager"	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
	Discussed the performance evaluation of managerial officers appointed by the Company in 2023 and their year-end bonus	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled according to the resolution.
2024.02.29	Proposed amendment to some provisions of the Code of Conduct for Board Meetings of the Company	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending report of the 2024 general meeting of shareholders.

Meeting Date	Summary of Major Proposals	Resolution	Implementation Status
2024.03.12	Discussed the employee and director remuneration distribution plan 2023	After the directors involved in the interest relationship followed the principle of recusal, and the chair consulted the directors who did not need to avoid, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending report of the 2024 general meeting of shareholders.
	Discussed the Business Report and Financial Statements for 2023	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending ratification affairs of the 2024 general meeting of shareholders.
	Discussed the proposal on the loss offsetting of the Company for 2023	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending ratification affairs of the 2024 general meeting of shareholders.
	Discussion on the date, time, place, meeting procedures, content of the main proposals and other related matters of 2024 regular shareholders' meeting	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution.
	Proposed amendments to some provisions of the Company's 043 "Sustainable Development Best-Practice Principles"	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending report of the 2024 general meeting of shareholders.
	Proposed amendments to some provisions of the Company's "Guidelines for Ethical Corporate Management"	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending report of the 2024 general meeting of shareholders.
	Proposed amendments to some provisions of the Company's "Guidelines for Ethical Corporate Management"	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled in accordance with the resolution and included in the pending report of the 2024 general meeting of shareholders.
2024.04.30	About the Company's financial report for Q1 2024	After the Chairman consulted all the directors present, the proposal was passed without objection.	Handled and completed the announcement according to the resolution.

Major resolutions made at the regular shareholders' meeting 2023 and the implementation thereof

Meeting Date	Major resolutions of the shareholders' meeting		Resolution	Implementation Status
2023.6.7	1	Approve the ratification of The Company's Business Report and Financial Statements for 2022	After the chair consulted all the attending shareholders, the proposal was passed without objection.	It has been announced and submitted to the competent authority in accordance with the law for record-keeping.
	2	Approve the ratification of the proposal on the make-up of losses of the Company for 2022		The earnings distribution plan has been announced in accordance with the law. The Company recorded a net loss after tax of NT\$1,322,207,769 in 2022. After adjusting other items and providing for special reserve, the loss to be covered at the end of the period was NT\$1,119,611,154, and no dividends were distributed.
	3	Approve the amendments to some provisions of the Company's Articles of Incorporation		Handled according to the resolution and reported to the Ministry of Economic Affairs for approval of change registration.

(XII) **Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None.**

(XIII) **A summary of resignations and dismissals of the Company's chairperson, General Manager, accounting manager, financial manager, chief internal auditor, Chief Corporate Governance Officer or research and development officer during the most recent fiscal year and up to the date of publication of the Annual Report: None**

V. Information on CPA Professional Fees

Unit: NT\$ thousands

Accounting firm Designation	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
KPMG	Cheng-Yen Wu	2023.01.01-2023.12.31	4,250	14,880	19,130	None
	Pei-Ju Tsai					

The non-audit fees were NT\$700 thousand for the tax verification, NT\$180 thousand for the ESG corporate sustainability appointment, and NT\$14,000 thousand for the IFRS17 project services for the affiliated companies.

Note: If there has been a change of CPAs or accounting firm during the current fiscal year, the Company shall disclose the information regarding the audit period covered by the predecessor CPAs or accounting firm and successor CPAs or accounting firm as well as the reasons for change thereof in the commentary column, and disclose the audit and non-audit public fees paid in order. For non-audit fees, the service contents shall be noted.

VI. Information on Replacement of CPAs:

(I) Former CPAs

Date of Replacement	2023.03.10		
Replacement Reasons and Explanations	To align with the organizational restructuring of the firm		
Explain the client or CPAs	Situation / Party	CPA	Client
	Termination by the Company	V	
Termination or non-acceptance of appointment	No longer accept (continue) appointment		
Opinions and reasons for the inspection report other than unqualified opinions issued in the last two years	None		
Deviation from the insurance industry	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	v	
	Explanation		
Other Revealed Matters (Those that shall be disclosed in accordance with Items 1-4, Subparagraph 2, Article 24 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises)	None		

(II) Successor CPAs:

Name of CPA Firm	KPMG
Name of CPA	Cheng-Yen Wu and Pei-Ju Tsai
Date of Appointment	2023.03.10
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines.

The Company shall submit the matters stipulated in Paragraph 1 and Item 3 in the preceding paragraph to the former CPAs in writing, and notify the former CPAs to respond via writing within ten days if the former CPAs hold different opinions. The Company shall disclose the former CPA's written response: None.

VII. Information About Chairman, General Manager, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Said Firm in the Most Recent Year: None

VIII. Shareholder Equity Transfer and Equity Pledge Changes Exceeding 10%: Share changes by directors, supervisors, managerial officers, and major shareholders

Position	Name	2023		Year-to-date through March 31, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Senior Assistant Vice President	Ta-Chun Wu	55,000	-	-	-

Note: It is based on the incumbency data as of December 31, 2023.

Information about Equity Transfer

Unit: NT\$ thousands, shares

Name	Reason for Equity Transfer	Trading Date	Trading Counterpart	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	Number of Shares	Trading Price
None						

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Please specify acquisition or disposal.

Equity pledge information: The Company's equity pledge transactions are relative to per capita financial institutions, and there is no pledge of equity as of December 31, 2023.

Name	Reasons for pledging shares changed	Date of Change	Trading Counterpart	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	Number of Shares	Shareholding Ratio	Ratio of Pledge	Pledged (Redeemed) Amount
None								

IX. Relationship information, if among the Company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

Relationships among the company's ten largest shareholders

April 26, 2024 (the number of shares held in the register of shareholders on the closing date); Unit: Shares, %

Name	Shares held in person		Spouse & minor shareholding		Shareholding by nominees		Information on top 10 shareholders in proportion of shareholdings, who are related to one another, or are kin at the second tier related to one another, their names and relationship (note 4)		Note
	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Name	Relationship	
Want Want Co., Ltd.	46,689,943	20.88	0	0	0	0	1. Yen-Ming Tsai, director of Tsai Ho Want/Wang Chia 2. Yu-Man Peng, director of Tsai Ho Want 3. Cheng-Chiang Tsai, supervisor of Tsai Ho Want	1. Share the same director 2. Share the same director 3. Share the same supervisor	
Yu-Sheng Li (Representative of WANT WANT CO., LTD.)	0	0	0	0	0	0	None	None	
TSAI HO WANT ENTERPRISES CO., LTD.	49,961,671	22.34	0	0	0	0	1. Yu-Man Peng, director of Want Want Co., Ltd. 2. Chung-Chung Tsai, director of Wang Chia 3. Yen-Ming Tsai, director of Wang Chia/Want Want	1. Share the same director 2. Share the same director 3. Share the same director	

Name	Shares held in person		Spouse & minor shareholding		Shareholding by nominees		Information on top 10 shareholders in proportion of shareholdings, who are related to one another, or are kin at the second tier related to one another, their names and relationship (note 4)		Note
	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Name	Relationship	
							Co., Ltd. 4. Cheng-Chiang Tsai, supervisor of Want Want Co., Ltd.	4. Share the same supervisor	
Yu-Man Peng (Representative of TSAI HO WANT ENTERPRISES CO., LTD.)	0	0	0	0	0	0	Want Want Co., Ltd.	Director	
Wang Chia Enterprise Co., Ltd.	48,480,873	21.68	0	0	0	0	1. Chung-Chung Tsai, director of Tsai Ho Want 2. Yen-Ming Tsai, director of Tsai Ho Want/Want Want Co., Ltd.	1. Share the same director 2. Share the same director	
Chung-Chung Tsai (Representative of Wang Chia Enterprise Co., Ltd.)	0	0	0	0	0	0	TSAI HO WANT ENTERPRISES CO., LTD.	Director	
H.Y. TSAI CO., LTD.	3,743,478	1.67	0	0	0	0	1. Yen-Jung Tsai, Shao-Jen Tsai, directors of Shao Yuan 2. Mei-Hsiu Tseng, supervisor of Shao Yuan	1. Share the same director 2. Share the same supervisor	
Yen-Jung Tsai (Representative of H.Y. TSAI CO., LTD.)	0	0	0	0	0	0	Shao Yuan Co., Ltd.	Director	
Shao Yuan Co., Ltd.	1,256,972	0.56	0	0	0	0	1. Yen-Jung Tsai, Shao-Jen Tsai, directors of H.Y. TSAI 2. Mei-Hsiu Tseng, supervisor of H.Y. TSAI	1. Share the same director 2. Share the same supervisor	
Yen-Jung Tsai (Representative of Shao Yuan Co., Ltd.)	0	0	0	0	0	0	H.Y. TSAI CO., LTD.	Director	
TAINET COMMUNICATION SYSTEM CORP.	3,972,850	1.78	0	0	0	0	None	None	
Huasheng International Investment Co., Ltd. (Representative of TAINET	0	0	0	0	0	0	None	None	

Name	Shares held in person		Spouse & minor shareholding		Shareholding by nominees		Information on top 10 shareholders in proportion of shareholdings, who are related to one another, or are kin at the second tier related to one another, their names and relationship (note 4)		Note
	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Number of Shares	Shareholding Ratio%	Name	Relationship	
COMMUNICA TION SYSTEM CORP.)									
Chien-Hsiung Li	2,434,746	1.09	0	0	0	0	None	None	
HSBC entrust Macquarie Bank - Main Trading Platform	1,403,000	0.63	0	0	0	0	None	None	
Yu-Ching Chen	1,371,000	0.61	0	0	0	0	None	None	
Wen-Yu Cheng	1,005,124	0.45	0	0	0	0	None	None	

Note 1: Number of shares held by the top ten shareholders at the close of business on the book closure date.

Note 2: All the top 10 shareholders should be listed. For institutional shareholders, their names and the name of their representatives should be listed separately.

Note 3: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 4: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed.

X. The number of shares held by the investment business, and combined to calculate the comprehensive shareholding ratio

Total equity stake held

December 31, 2023 Unit: shares; %

Investee business (Note: The Company's long-term investments)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
None						

Chapter 4 Capital Overview

I. Source of Capital

Unit: shares; NT\$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1963.01	NT\$ 10	1,500,000	15,000,000	1,500,000	15,000,000	Company establishment, cash capital increase	None	
2004.08	NT\$ 10	623,631,981	6,236,319,810	623,631,981	6,236,319,810	Capital increase by retained earnings NT\$299,034,800 Capital increase by capital reserve NT\$216,542,440	None	Note 1
2004.11	NT\$ 10	623,631,981	6,236,319,810	567,134,981	5,671,349,810	Capital reduction by treasury stock NT\$564,970,000	None	Note 2
2005.08	NT\$ 10	623,631,981	6,236,319,810	606,834,430	6,068,344,300	Capital increase by retained earnings NT\$170,140,500 Capital increase by capital reserve NT\$226,853,990	None	Note 3
2006.12	NT\$ 10	623,631,981	6,236,319,810	587,054,430	5,870,544,300	Capital reduction by treasury stock NT\$197,800,000	None	Note 4
2007.08	NT\$ 10	623,631,981	6,236,319,810	50,000,000	500,000,000	Capital reduction NT\$5,370,544,300	None	Note 5
2007.08	NT\$ 10	623,631,981	6,236,319,810	200,000,000	2,000,000,000	Private offering NT\$1,500,000,000	None	Note 6
2008.10	NT\$8.27	623,631,981	6,236,319,810	260,459,493	2,604,594,930	Private offering NT\$604,594,930	None	Note 7
2009.08	NT\$ 10	623,631,981	6,236,319,810	200,000,000	2,000,000,000	Capital reduction NT\$604,594,930	None	Note 8
2009.08	NT\$25	623,631,981	6,236,319,810	220,000,000	2,200,000,000	Private offering NT\$200,000,000	None	Note 9
2010.03	NT\$22.5	623,631,981	6,236,319,810	260,000,000	2,600,000,000	Capital increase by cash NT\$400,000,000	None	Note 10
2033.08	NT\$ 10	623,631,981	6,236,319,810	200,000,000	2,000,000,000	Capital reduction NT\$600,000,000	None	Note 11
2014.09	NT\$ 10	623,631,981	6,236,319,810	212,960,000	2,129,600,000	Capital increase by retained earning NT\$129,600,000	None	Note 12
2020.09	NT\$ 10	623,631,981	6,236,319,810	223,608,000	2,236,080,000	Capital increase by retained earning NT\$106,480,000	None	Note 13

Note 1: Approved by Letter No. (1) Financial-Supervisory-Securities-I-0930130468 dated July 9, 2004.

Note 2: Approved by Letter No. (3) Financial-Supervisory-Securities-III-0930143632 dated October 12, 2004.

Note 3: Approved by Letter No. (1) Financial-Supervisory-Securities-I-0940127016 dated July 12, 2005.

Note 4: Approved by Letter No. (3) Financial-Supervisory-Securities-III-0950150157 dated October 30, 2006.

Note 5: Approved by Letter No. (1) Financial-Supervisory-Securities-I-0960037255 dated August 17, 2007.

Note 6: Approved by Letter No. (1) Financial-Supervisory-Securities-I-09602102650 dated August 16, 2007.

Note 7: Approved by Letter No. (1) Financial-Supervisory-Securities-I-09702190860 dated October 28, 2008.

Note 8: Agreed to reduce capital by Letter Fa Financial-Supervisory-Securities-Corporate-0980037873 dated August 4, 2009.

Note 9: Agreed to increase capital by Letter Cai Financial-Supervisory-Securities-Corporate-09802136860 dated July 28, 2009.

Note 10: Agreed to handle by Letter Fa Financial-Supervisory-Securities-Corporate-0980069513 dated January 19, 2010.

Note 11: Agreed to reduce capital by Letter Fa Financial-Supervisory-Securities-Corporate-1010031788 dated July 24, 2012.

Note 12: Agreed to reduce capital by Letter Fa Financial-Supervisory-Securities-Corporate-1030030149 dated August 15, 2014.

Note 13: Declared effective by the Financial Supervisory Commission on August 14, 2020.

Note 14: The Company's paid-in capital is NT\$2,236,080,000 as of April 30, 2024.

April 30, 2024

Share Type	Authorized Capital			Note
	Outstanding Shares (Issued)	Unissued Shares	Total	
Common stock	223,608,000 shares	400,023,981 shares	623,631,981 shares	None

Note: Please specify whether the stock refers to TWSE or GTSM stock (the stock forbidden from being traded in TWSE or GTSM, if any, shall be identified).

Information on Shelf Registration System

Type of Securities	Securities to be issued		Quantity of Issued Shares		Purpose and Expected Benefit of Issued Shares	Period in Which Unissued Shares to be Issued	Note
	Total Quantity	Approved Amount	Number of Shares	Price			
None							None

II. Shareholder structure

April 26, 2024

(Number of Shares Held at the Close of Business on the Book Closure Date)

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Individuals	Total
Number of shareholders	1	0	54	15,461	43	15,559
Shares Held	3,068	0	156,505,913	63,432,363	3,666,656	223,608,000
Shareholding Ratio	0%	0%	69.99%	28.37%	1.64%	100%
Note: The first TWSE/TPEX listed or emerging market companies shall disclose the proportions of their shares in Mainland Chinese investors; Mainland Chinese investors refer to the people, legal persons, groups, other institutions from Mainland Area or their organizations investing in third areas, as defined in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area. (None)						

III. Diversification of shareholding

NT\$10 per share

April 26, 2024

(Number of Shares Held at the Close of Business on the Book Closure Date)

Range of Shares			Number of Shareholders	Shares Held	Shareholding Ratio (%)
1	To	999	8,932	1,517,479	0.68
1,000	To	5,000	4,780	10,099,267	4.52
5,001	To	10,000	871	6,850,408	3.06
10,001	To	15,000	288	3,635,973	1.63
15,001	To	20,000	183	3,416,316	1.53
20,001	To	30,000	183	4,684,206	2.09
30,001	To	40,000	72	2,608,802	1.17
40,001	To	50,000	60	2,783,123	1.24
50,001	To	100,000	105	7,549,325	3.38
100,001	To	200,000	37	5,018,483	2.24
200,001	To	400,000	23	6,584,830	2.94
400,001	To	600,000	11	5,230,552	2.34
600,001	To	800,000	2	1,341,912	0.60
800,001	To	1,000,000	2	1,967,667	0.88
Over 1,000,001			10	160,319,657	71.70
Total			15,559	223,608,000	100.00

Note: Preferred shares: None.

IV. List of Major Shareholders

April 26, 2024

(Number of Shares Held at the Close of Business on the Book Closure Date)

Name of Major Shareholders	Shareholding	Shares Held	Shareholding Ratio (%)
TSAI HO WANT ENTERPRISES CO., LTD.		49,961,671	22.34
Wang Chia Enterprise Co., Ltd.		48,480,873	21.68
Want Want Co., Ltd.		46,689,943	20.88
H.Y. TSAI CO., LTD.		3,743,478	1.67
Shao Yuan Co., Ltd.		1,256,972	0.56

V. Market price, net value, earnings, dividends per share and related information in the most recent two years

Item		Year	2022	2023	Current year up to March 31, 2024 (Note 8)
Market Price Per Share (Note 1)	Highest		21.40	42.00	38.10
	Lowest		13.50	14.85	28.75
	Average		17.28	23.61	33.89
Net Worth per Share (Note 2)	Before distribution		21.49	27.28	(Note 11)
	After distribution		-	-	(Note 11)
Earnings (losses) per share (Note 3)	Weighted Average Shares (thousand shares)		223,608	223,608	223,608
	Earnings (loss) per share (before retrospective adjustment)		(5.91)	5.37	1.81
	Earnings (loss) per share (after retrospective adjustment)		(5.91)	5.37	(Note 11)
Dividends per share	Cash dividends		-	-	(Note 11)
	Stock grants	-	-	-	(Note 11)
		-	-	-	(Note 11)
	Accrued Unpaid Dividends (Note 4)		-	-	-
Return on investment	P/E Ratio (Note 5)		-	-	(Note 11)
	Price/Dividend Ratio (Note 6)		-	-	(Note 11)
	Cash Dividend Yield (Note 7)		-	-	(Note 11)

* **In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.**

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

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

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

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

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year.

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report shall be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report shall be filled.

Note 9: FY2022 made accumulated losses.

Note 10: The Company made a cumulative loss in 2023, and the loss allowance plan has been approved by the Board of Directors but has not yet been resolved by the shareholders' meeting.

Note 11: Not applicable for the first quarter of 2024.

VI. Dividend Policy and Implementation of the Company

(I) Dividend Policy:

1. The Company's dividend policy as stipulated in the Articles of Incorporation:

If there are earnings, the Company shall first pay the tax, make up the losses in previous years and set aside a legal capital reserve at 20% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve or reverse special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After that, the Company may delegate the Board of Directors, depending on the operating circumstance, to allocate a certain portion of retained earnings as a reserve, then the remaining balance plus unappropriated retained earnings in previous years shall be calculated in an Earnings Distribution Proposal and submitted to the Shareholders' Meeting for approval.

The Board of Directors is delegated to make reasonable remuneration for the Independent Directors whose remuneration shall not be included in the Company's earnings distribution.

The Company is in the property insurance industry. In addition to complying with government policies and meeting the capital adequacy ratio, corporate development must strengthen the company's underwriting energy and liquidity. The Company's policy of allocating dividends is subject to the current and future investment environment, capital requirements, market competition and capital budget of the company, taking into account the interests of shareholders, balancing dividends and long-term financial planning of the Company. The Board of Directors prepares the Earnings Distribution plan every year according to the law. The distribution of earnings may be distributed in cash dividends or stock dividends. However, the ratio of cash dividends shall not be less than 10% of the total dividends, except in the event that cash dividends are less than NT\$0.1 per share, in which case stock dividends may be distributed instead.

2. Concrete and explicit dividend policy:

Distribution of dividends in the most recent five years:

Year	Cash dividends	Stock dividends	Cash dividend distribution date
2018	0.90	-	2019.09.27
2019	0.88	0.50	2020.07.31
2020	0.80	-	2021.09.15
2021	1.00	-	2022.08.26
2022	-	-	-
2023	-	-	-

Although the articles of incorporation of the Company does not specify the dividend distribution ratio, it shall be adjusted according to the consideration of shareholders' interests and the long-term financial planning of appropriately meeting shareholders' needs for cash inflow and the capital needs of the company's future investment environment, that is, considering the factors such as strengthening the company's underwriting energy, improving the company's core capital and risk bearing capacity, and maintaining the level of net worth ratio, and shall be handled after the resolution of the shareholders' meeting.

Dividend distribution for the next three years is expected to be no less than 30% of the distributable earnings generated at that year, which is arrived at by subtracting the annual earnings from payment for tax and duties, payment made to offset previous deficits, and allocation of legal reserves, special reserves, and remuneration for directors and employees; in principle, cash dividends distributed shall not be less than 10% of total dividends distributed.

(II) The Company's dividend distribution:

1. On March 12, 2024, the Board of Directors resolved that the Company would not distribute dividends to shareholders for the accumulated losses for FY2023.
2. The proposal on the loss offsetting has been approved by the Board of Directors and has not yet been resolved by the shareholders' meeting.

(III) Please specify any material changes in the expected dividend policy: None.

VII. Impact of the Stock Grants Proposed by the Shareholders' Meeting on the Company's Operating Performance, Earnings per Share and Return on Investment: The Company does not have stock grants in stock dividends appropriated from earnings proposed by the shareholders' meeting in 2024, so it is not applicable.

VIII. Compensation to directors and employees:

- (I) Percentage or range of rewards distributed to employees and directors as stipulated in the Company's Articles of Association:

According to the Company's Articles of Incorporation as follows: If the Company makes a profit during the year, 1% to 5% shall be allocated for employee remuneration, and no more than 5% for directors' remuneration. However, if there are still accumulated losses, certain profits shall first be allocated to make up for accumulated losses, then the remaining balance shall be made available to allocate any bonuses or compensations.

Employee compensations shall be distributed in stocks or in cash and delegate the Board of Director to determine it each year within the scope of provisions.

The compensation distribution of employee and directors shall be performed by the board of directors with a resolution of more than two-thirds of the directors present and a majority of the directors' attendance, and report to the shareholders' meeting.

- (II) The estimated basis for the estimated amount of compensation for employees and directors, the calculation basis for the number of shares allocated for the compensation of stocks, and the accounting treatment if the actual allotted amount differs from the estimated amount:

The amount of remuneration for employees and directors of the Company in 2023 is estimated based on the number of distributions stipulated in the Company's Articles of Incorporation. If there is a difference between the actual distribution amount and the estimated amount, it will be recognized as the 2023 profit and loss according to the accounting estimate change processing principle.

- (III) Information on the proposed distribution of employees and directors' compensation approved by the Board of Directors:

On March 12, 2024, the Board of Directors resolved that:

Distribution items	Estimated amount of the recognized expenses in the year.	Number of board resolutions	Difference handling situation
Director compensation - Cash	0	0	No deviation
Employee compensation - Cash	2,000,000	0	No deviation
Employee compensation - Stock	None	None	No deviation

- (IV) The actual allocation of employee bonus and remuneration to directors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment thereof:

The Company did not distribute employee and director remuneration for the accumulated losses in 2022, and there is no difference with the amount recognized in 2022.

IX. The Company's Stock Repurchase: None.

X. Corporate Bonds: None.

XI. Preferred Shares: None.

XII. Global Depository Receipts (GDRs): None.

XIII. Employee Stock Options: None.

- XIV. Employee Restricted Stock: None.**
- XV. The names of the managers and top ten employees who obtained the employee stock option certificates, and the status acquisition and subscription: None.**
- XVI. The names of the managers and top ten employees who obtained the new restricted employees' right shares, and the acquisition status: None.**
- XVII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: None. Chapter 18. Fund Utilization Plans and Implementation: None.**
- XVIII. Status of Financing Plans and Implementation: None.**

Chapter 5 Business Overview

I. Business Activities

(I) Business Scope

1. Contents of Major Business:

The Company belongs to the property insurance industry, and are engaged in various property insurance and sales and services approved by the competent authority. The main types of insurance are as follows:

- (1) Fire insurance: Residential fire insurance, residential earthquake insurance, commercial fire insurance, commercial earthquake insurance, typhoon and flood insurance.
- (2) Transportation insurance: Cargo insurance, hull insurance, fishing vessel insurance, aviation insurance, cargo carrier liability insurance, and maritime contractor liability insurance.
- (3) Motor insurance: Arbitrary car body damage insurance, arbitrary motor liability insurance, compulsory motor liability insurance, and compulsory motorcycle liability insurance.
- (4) Engineering insurance: Construction comprehensive insurance, installation engineering insurance, construction machinery insurance, boiler insurance, machinery insurance, and electronic equipment insurance.
- (5) Liability insurance: General liability insurance, professional liability insurance, guarantee insurance, personal comprehensive insurance, commercial comprehensive insurance, and other property insurance.
- (6) Accident insurance: Group accident insurance, personal accident insurance, travel safety insurance, micro insurance.
- (7) Health insurance: Group medical insurance, personal medical insurance.

2. Proportion:

Unit: NT\$ thousands/ %		
Item	Total premium revenue	Proportion of written premium business%
Fire insurance	2,050,424	16.10
Marine insurance	264,714	2.08
Land and Aviation insurance	113,041	0.89
Liability insurance	3,521,254	27.65
Guarantee insurance	24,808	0.19
Other property insurance	4,401,153	34.55
Accident insurance	1,024,979	8.05
Health insurance	88,528	0.70
Compulsory automobile liability insurance	1,247,164	9.79
Total	12,736,065	100.00

3. The Company's current products (services):
 - Union Voluntary Motor Major Accident Insurance
 - Union Voluntary Motor Physical Damage Insurance (B)
 - Union Voluntary Motor Third Party Liability Insurance
 - Union Voluntary Motor Physical Damage Insurance (A)
 - Union Passengers Liability Insurance for Commercial Bus Industry
 - Union Voluntary Motor Physical Damage Insurance (C)
 - Union Voluntary Motor Theft Insurance for Limited Sum Insured Amount
 - Union Voluntary Motor Theft Insurance
 - Union Voluntary Motor Employers Liability Insurance
 - Union Voluntary Motor Travelers Liability Insurance
 - Union Voluntary Motor Carriers Liability Insurance
 - Union Motor Comprehensive Insurance for Testing Drive of Car Dealers
 - Union Voluntary Motor Physical Damage Insurance for Fire Accident
 - Union Voluntary Motor Compensation Insurance for Natural Disasters
 - Union Voluntary Motor Insurance for Courtesy Purpose
 - Union Voluntary Motor Car-to-Car Collision Insurance for Non-Commercial Purpose
 - Union Voluntary Motor Window Glass Insurance
 - Union Driver's Liability Insurance for Non-Commercial Purpose
 - Union Comprehensive Voluntary Motor Third Party Liability Insurance
 - Union Compulsory Motor Liability Insurance
 - Union Compulsory Motorcycle Liability Insurance
 - Union Motor Third Party Liability Insurance for Taxi
 - Union Motor Third Party Liability Insurance for Commercial Bus Industry
 - Union Motor Passenger Liability Insurance for Commercial Bus Industry
 - Union Motor Driver Injury Insurance-For Business
 - Union Motorcycle Comprehensive Insurance for Third Party
 - Union Motor Bodily Injury Liability Insurance for Passengers
 - Union Voluntary Motor Third Party Liability Insurance for Non-Commercial Purpose – Combined Single Limit type
 - Union Residential Earthquake Total Loss Insurance
 - Union Commercial Fire Insurance
 - Union Residential Tangible Personal Property Fire and Theft Insurance
 - Union Residential Fire and Basic Earthquake Insurance
 - Union Comprehensive Commercial Fire Insurance for Commercial Purpose
 - Union Comprehensive Insurance
 - Union Comprehensive Residential Miscellany Insurance
 - Union Comprehensive Shop Insurance
 - Union Comprehensive Homeowner Insurance Basic Terms and Conditions
 - Union Comprehensive Homeowner Insurance
 - Union Carriers' Liability Insurance (A)
 - Union Carriers' Liability Insurance (B)
 - Union Freight Forwarders' Liability Insurance
 - Union Insurance Institute Cargo Clauses (A)
 - Union Insurance Institute Cargo Clauses (B)
 - Union Insurance Institute Cargo Clauses (C)
 - Union Insurance Institute Cargo Clauses (Air Cargo)
 - Union Insurance Institute Air Cargo Clauses (C)
 - Union Insurance Institute Cargo Clauses (All Risks)
 - Union Insurance Institute Cargo Clauses (W.A)
 - Union Insurance Institute Cargo Clauses (F.P.A.)
 - Union Insurance Postal Parcel Insurance – All Risks
 - Union Insurance Institute Frozen Food Clauses (A)
 - UNION INSURANCE INSTITUTE FOSFA TRADES CLAUSES (C)
 - Union Insurance Institute Frozen Meat Clauses (A) – 24 Hours Breakdown
 - Union Insurance Institute Cargo Clauses (A) 2009
 - Union Insurance Institute Cargo Clauses (Air)(excluding sendings by Post) 2009
 - Union Insurance Marine Insurance Institute Time Clauses - Hulls (1/10/1994)
 - Union Insurance Air Cargo Carrier Liability Insurance
 - Union Insurance Land Cargo Carriage Insurance Clauses (A)
 - Union Insurance Land Cargo Carriage Insurance Clauses (B)
 - Union Insurance Fishing Vessel Insurance
 - Union Insurance Yacht Insurance

Union Insurance Fishery Vessel Crew Employer's Liability Insurance
 Union Insurance Recreational Fishery Vessel Accident Liability Insurance
 Union Insurance Helicopter Airframe & Liability Insurance
 Union Insurance - Shiprepairer's Liability Clauses (1/1/90)
 Union Insurance - ROC AVIATION COMPANY, LIMITED AVIATION HULL "ALL RISKS" AND LIABILITY INSURANCE/ PASSENGER AND CREW PERSONAL ACCIDENT INSURANCE
 Union Insurance - INSTITUTE YACHT CLAUSES
 Union Insurance - EMERALD PACIFIC AIRLINES AVIATION HULL (INCLUDING SPARES AND EQUIPMENT) AND LIABILITY INSURANCE PASSENGER AND CREW PERSONAL ACCIDENT INSURANCE
 Union Insurance - DAILY AIR CORPORATION AVIATION HULL AND SPARES ALL RISKS AND LIABILITY INSURANCE HULL AND SPARES WAR AND ALLIED PERILS INSURANCE PASSENGER AND CREW PERSONAL ACCIDENT INSURANCE
 Union Insurance Stock Throughput Insurance Open Cover (A001)
 Union Insurance Operator's Liability Insurance
 Union Institute Air Cargo Clauses(All Risks)(excluding sendings by post)
 Union Insurance Marine Cargo Insurance Open Cover(A002)
 Union Insurance Shipowner's Liability Insurance
 Union Insurance Stock Throughput Insurance Open Cover (A002)
 Union Insurance Marine Cargo Container/Carriage Equipment Coverage Policy (A001)
 Union Insurance - MS AMLIN ASIA PACIFIC PTE LTD POLICY CONDITION
 Union Insurance - AMERICAN YACHT FORM R12
 Union Insurance Institute Cargo Clauses (B) 2009
 Union Insurance Institute Cargo Clauses (C) 2009
 Union Insurance Stock Throughput Insurance Open Cover (A003)
 Union Insurance - TP AVIATION INTERNATIONAL CO., LTD AVIATION HULL AND SPARES ALL RISKS, HULL WAR RISKS, PREMISES, HANGARKEEPERS AND PRODUCTS LIABILITY, THIRD PARTY AND PASSENGER LIABILITY AND PERSONAL ACCIDENT (AIR TRAVEL ONLY) INSURANCE
 Union Insurance Marine Cargo Container/Carriage Equipment Coverage Policy(A002)
 Union Insurance Stock Throughput Insurance Open Cover (A004)
 Union Directors and Officers Liability Insurance
 Union Comprehensive Jeweler's Block Insurance
 Union Group Personal Accident Insurance
 Union Accounts Receivable Credit Insurance (Export Credit)
 Union MRT Passenger's Liability Insurance
 Union Construction Payment Bond
 Union Construction Bid Bond
 Union Construction Maintenance Bond
 Union Construction Retention
 Union Construction Advance Payment Bond
 Union Construction Performance Bond
 Union Public Liability Insurance
 Union Oil Business Liability Insurance
 Union Loss Adjusters Association Professional Indemnity Insurance
 Union Safe Box Liability Insurance
 Union Small Credit Loan Insurance
 Union Security Company's Liability Insurance
 Union Maintenance Bond
 Union Adjusters Professional Indemnity Insurance
 Union Agents Brokers Professional Indemnity Insurance
 Union Liquidators Professional Indemnity Insurance
 Union Architects and Engineers Professional Indemnity Insurance
 Union Comprehensive Arts Insurance
 Union Lawyers Professional Indemnity Insurance
 Union Toxic Chemical Substances Handlers' Liability Insurance
 Union Glass Insurance
 Union Fidelity Bond
 Union Overseas Study Performance Bond Insurance
 Union Golfer's Liability Insurance
 Union Golf Course Blanket Insurance
 Union Commercial Property Floater's Insurance
 Union Cash Insurance

Union Product Liability Insurance
 Union Accidental Pollution Liability Insurance
 Union Accountants Liability Insurance
 Union Program Interruption Insurance
 Union Advance Payment Bond Insurance
 Union Elevator's and Lifters Liability Insurance
 Union Employer's Liability Insurance
 Union Bankers Blanket Bond
 Union Performance Bond
 Union Contractors Liability Insurance
 Union Medical Malpractice Professional Indemnity Insurance
 Union Railway Transportation Liability Insurance
 Union Burglary Insurance
 Union RoHS Comprehensive Insurance
 Union Comprehensive Medical Organizations Liability Insurance
 Union Directors & Officers Liability Insurance
 Union Home Member's Accident Liability Insurance
 Union Travel Industry Bond –A
 Union Travel Industry Bond (B)
 Union Adjusters' Professional Indemnity Insurance
 Union Comprehensive Excellence Employers Insurance
 Union Insurance Agents and Brokers Professional Indemnity Insurance
 Union Directors & Officers Liability Insurance (Elite version)
 Union Directors & Officers Liability Insurance (Top version)
 Union Commercial General Liability Insurance (occurrence basis – type 甲)
 Union Comprehensive Group Overseas Business Travel Insurance
 Union New Comprehensive Credit Cards Insurance
 UNION COMMERCIAL GENERAL LIABILITY INSURANCE
 Union Criminal Executor Liability Insurance
 Union Trade Credit Insurance Selective Policy
 Union Pharmacist Liability Insurance
 Union Insurance Contractor's All Risks Insurance
 Union Insurance Erection All Risks Insurance
 Union Insurance Contractors' Plant and Machinery Insurance
 Union Insurance Boiler Insurance
 Union Insurance Machinery Insurance
 Union Insurance Electronic Equipment Insurance
 Union Passenger Carrier Liability Insurance 甲
 Union Travel Agency Liability Insurance
 Union Overseas Study Agency Professional Indemnity Insurance
 Union Directors & Officers Liability Insurance (Prosperity I) CLAIMS MADE POLICY
 Union Directors & Officers Excess Liability Insurance Policy (Prosperity I) CLAIMS MADE POLICY
 Union New Comprehensive Travel Insurance (overseas version)
 Union Comprehensive Machinery Insurance
 Union Contractors' All Risks Insurance
 Union Erection All Risks Insurance
 Union Comprehensive General Liability Policy (A)
 Union Motion Picture And TV Production Insurance
 Union Childcare Provider Professional Indemnity Insurance
 Union Product Comprehensive Liability Insurance
 Union Comerical General Liability Policy(B)
 Union Motor Extended Warranty Expenses Insurance
 Union Motor Warranty Expenses Insurance
 Union Contingency Cancellation and Abandonment Policy
 Union Public Bicycles Liability Insurance
 Union Hole-in-One Insurance
 Union Policemen Liability Insurance
 Union Jujube Crop Insurance
 Union Land Administration Agents Professional Indemnity Insurance
 Union Information Security Protection Insurance (A)
 Union Product Comprehensive Liability Insurance (A)
 Union Personal Accident Insurance (Type - Individual & Group)
 Union Personal Disability Insurance

Union Armed Force Group Personal Accident Insurance
 Union Group Personal Accident Insurance (C)
 Union Mountain Climbing Accident Insurance
 Union “Gin-Want” Individual Personal Accident Insurance
 Union Group Personal Accident Insurance for persons on boat
 Union Micro Individual Personal Accident Insurance
 Union “Gin-Man-Yi” Individual Personal Accident Insurance
 Union Group Personal Accident Insurance (A)
 Union Micro Group Personal Accident Insurance
 Union “Want-Want Bao” Group Personal Accident Insurance
 Union Business Travel Group Personal Accident Insurance
 Union Off-Duty Group Personal Accident Insurance
 Union “Ping-An Want” Group Personal Accident Insurance
 Union On-Duty Group Personal Accidental Insurance
 Union New Travel Insurance (Domestic Type)
 Union 3-year Term Personal Accident Insurance
 Union Group Personal Accident Insurance for Volunteer
 Union Travel Personal Accident Insurance
 Union Group Personal Accident Insurance (B)
 Union Business Travel Group Personal Accident Insurance (B)
 Union Contractor’s Group Personal Accident Insurance
 Union “Ing Want” Individual Personal Accident Insurance
 Union Comprehensive Specific Activity Insurance
 Union “Jian Kang Want Want” Daily Hospitalization Insurance
 Union Group 1-year Term Medical Reimbursement Insurance
 Union “Want Want Hsing” Daily Hospitalization Insurance
 Union Group Daily Hospitalization Insurance
 Union Group Cancer Death Policy
 Union Group Cancer Policy
 Union Group Medical Reimbursement Insurance
 Union Group Health Policy
 Union Dread Disease Policy (A)
 Union Individual Cancer Death Policy
 Union Individual Cancer Policy
 Union Individual Cancer Medical Expenses Policy
 Union Dread Disease Policy (B)
 Union Pets Insurance
 Union Drone Liability Insurance
 Union Employer’s Liability Insurance
 Union Group Personal Accident for Hydrostatic Pressure Tester & Blaster
 Union Administration Agents Professional Indemnity Insurance
 Union Mobile Equipment Insurance
 Union Designated Driving Industry Liability Insurance
 Union Personal Liability Insurance
 Union Information Security Protection Insurance
 Union Comprehensive Seashore Activity Insurance
 Union Personal Liability Insurance (Type – 甲)
 Union Drone Liability Insurance-Simple Operation Type
 Union Specified Professions Professional Liability Insurance (A)
 Union Overseas Emergency Illness Health Policy
 Union Mobile Phone Insurance
 Union Group Personal Accident Insurance for vessel testing persons
 UNION COMMERCIAL GENERAL LIABILITY INSURANCE Primary and Non-Contributory Insurance Clause (A)
 Union “Gin-Mei-Man” Individual Personal Accident Insurance
 Union Personal Overseas Travel Inconvenience Insurance
 Union Domestic Travel Injury Medical Insurance (for those under 15 years of age)
 Union Domestic Travel Blanket Insurance (for those under 15 years of age)
 Union Architects, Technicians and Firemen Professional Indemnity Insurance
 Union Mobile Equipment Lease Insurance
 Union Cyber Enterprise Risk Management Insurance
 Union Pets Universal Insurance
 Union Water Recreation Liability Insurance

Union CyberEdge Excess Policy
 Union Cyber Security Insurance
 Union Single Project Specific Construction Liability Insurance
 Union Overseas Individual Emergency Illness Medical Health Policy
 Union Elderly Individual Personal Accident Insurance
 Union Mobile Equipment Occupancy Insurance
 Union Passenger Transportation Industry Liability Insurance
 Union Travel Children's Injury Medical Travel Safety Insurance
 Union Digital Business and Data Protection Insurance

4. New products and services planned to be developed:

- (1) Climate insurance and energy storage equipment in response to climate change and carbon reduction issues.
- (2) In response to the advent of the digital age, implementing digital transformation, combining technology and data to perform precise marketing targeting customers' needs.
- (3) Continuously collaborate with the government to promote green energy, develop products related to green energy, and implement ESG policies. In addition, in response to the development of electric vehicles, we are promoting insurance specifically designed for electric vehicles.
- (4) It will meet the needs of different genders, ages, physical and mental disabilities, and specific coverage targets, and provide multiple service channels.

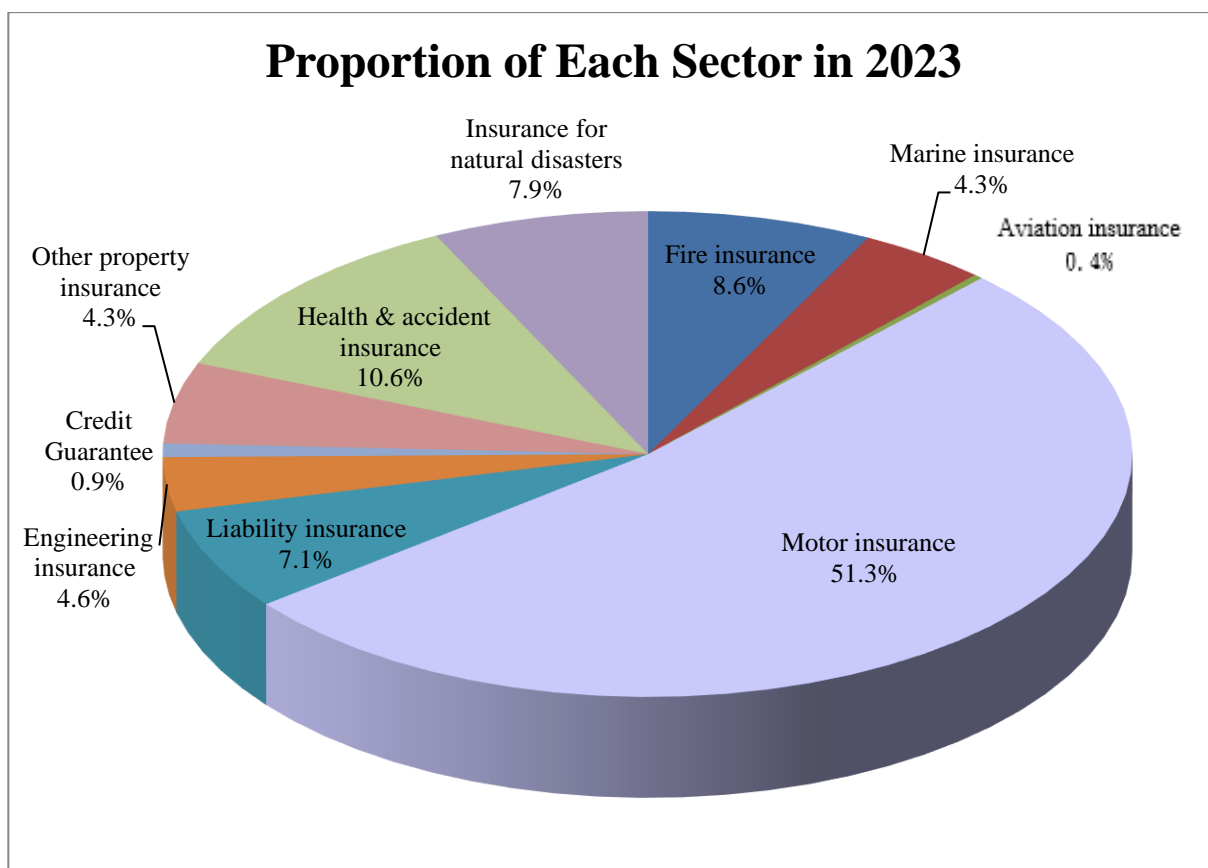
(II) Industry Overview:

1. Industry Status

According to statistics from the Non-Life Insurance Association of the Republic of China, the domestic property insurance market written premium income reached NT\$2,43.74 billion in 2023, with an increase of NT\$23.4 billion or 10.6% compared with the previous year's NT\$220.32 billion.

Unit: NT\$ Million

Year/Item		Fire insurance	Flood insurance	Aviation insurance	Motor insurance	Liability insurance	Engineering insurance	Credit guarantee	Other property insurance	Health & accident insurance	Insurance for natural disasters	Total
2022	Premium	16,584	9,519	722	115,271	14,808	7,911	2,038	11,696	25,847	15,920	220,316
	Ratio	7.5%	4.3%	0.3%	52.3%	6.8%	3.6%	0.9%	5.4%	11.7%	7.2%	100%
2023	Premium	20,921	10,520	967	125,056	17,274	11,149	2,075	10,499	26,009	19,271	243,741
	Ratio	8.6%	4.3%	0.4%	51.3%	7.1%	4.6%	0.9%	4.3%	10.6%	7.9%	100%
Growth Rate		26.2%	10.5%	33.9%	8.5%	16.7%	40.9%	1.8%	-10.2%	0.6%	21.0%	10.6%



Source: The Non-Life Insurance Association of the Republic of China

According to statistics from the Non-Life Insurance Association of the Republic of China, in terms of the distribution of the market share of various property insurance in 2023, the share of auto optional insurance reached 51.3%, which is still the highest among all types of insurance, followed by health & accident insurance, fire insurance, insurance for natural disasters, liability insurance and engineering insurance, totaling 38.8%, and the remaining insurance types totaled 9.9%.

2. Industry Developments

Global natural disasters and accidents have been on the rise, leading to consecutive increases in reinsurance premiums for several years. After facing the double risks of the dual risks posed by the epidemic, the property and casualty insurance industry achieved a historic high in signed premiums of NT\$243.7 billion in 2023. This represents a year-on-year growth of 10.63%. Fire insurance premiums increased by 26.15% compared to the previous year, while engineering insurance saw a significant surge of 40.94%. Motor insurance was also driven by new car sales of over 470,000 units for the year. Automobile comprehensive insurance premiums exceeded NT\$100 billion for the whole year, with an annual growth rate of nearly 10%. In recent years, marine insurance, which had extremely low rates, has undergone multiple rate adjustments due to the tense situation in the Middle East. It still experienced a 10.51% increase last year, and it is estimated that rates will continue to rise this year due to the persistently high geopolitical risks.

In the ever-changing business landscape characterized by the growing awareness of ESG, geopolitical tensions, high inflation, and increasing costs, insurance companies need to prioritize "digital transformation, climate change risks, and align with IFRS17". To effectively navigate future market challenges and capitalize on opportunities, we will not only enhance our product offerings and service quality but also excel in digital transformation to provide customers with a seamless and convenient experience.

3. Relationship Amongst Upstream, Midstream, and Downstream of the Industry

The insurance industry is different from the production business. The product insurance company business underwrites other risks of non-life insurance. It mainly sells insurance contracts. In addition to the direct solicitation of insurance companies from insurers, some of them are sold through insurance brokers and agents. Therefore, the latter is downstream of the source of insurance business. In addition, the business undertaken is for risk dispersion, and reinsurance arrangements are used to increase the underwriting capacity to support business development. Therefore, reinsurance companies are in the upstream of the insurance industry. Insurance companies improve business quality and gain a competitive advantage by relying on downstream (insurance brokers and agents) and their own market development capabilities, underwriting technology, and management performance. At the same time, they can expand their business through appropriate arrangements for upstream reinsurance to increase underwriting capacity. Therefore, reinsurance companies, insurance companies and insurance brokers and agents must be closely integrated in order to achieve overall benefits.

4. Product Development Trends and Competition Landscape

The concept of risk insurance, knowing the danger is not in danger is deeply rooted in the minds of individuals and enterprises, so everyone has the concept and demand for risk dispersion, so that insurance is an irreplaceable product. However, in the past, the protection provided by various insurance companies was not very different, resulting in fierce competition among product insurers to cut prices. In recent years, companies have devoted themselves to innovative R&D, developing “unique” products, hoping to differentiate the market from leading product price and not blindly pursuing growth. Seeking profitable target customers and pursuing long-term underwriting profits have become the mainstream development trend.

(III) Technology and R&D Overview

1. R&D expenses invested this year:

In response to the growing occurrence of major natural disasters such as floods, wildfires, and earthquakes, we are enhancing international collaboration and investing in continuous research. Furthermore, we are equipping our employees with the necessary training to acquire new skills that are essential for their specific job roles. This not only enables us to stay competitive in the market but also aligns with our dedication to sustainable development.

2. Successfully developed technologies or products this year:

- (1) Union Cyber Security Insurance
- (2) Union Cyber Security Insurance Fraudulent Instruction Loss Endorsement
- (3) Union Cyber Security Insurance Business Interruption Loss Endorsement
- (4) Union Cyber Security Insurance Apache Log4j Exclusion
- (5) Union Cyber Security Insurance Neglected Software Event Endorsement
- (6) Union Cyber Security Insurance Ransomware Event Sublimit and Coinsurance Endorsement
- (7) Union Cyber Security Insurance USA/Canada Jurisdiction Endorsement
- (8) Rider of Union Overseas Emergency Illness Health Policy (B)
- (9) Union Public Liability Insurance Excess Liability Supplementary Clause (Applicable to Water Recreational Activities)
- (10) Union Single Project Specific Construction Liability Insurance
- (11) Union Property Motor Vehicle Third Party Liability Insurance Passenger Bodily Injury Liability Rider Exclusion of Coverage Endorsement Clause (Applicable to Ambulances)
- (12) Union Business Travel Group Personal Accident Insurance Overseas Sudden Illness Medical Insurance Benefit Supplementary Clause (B)
- (13) Union Overseas Individual Emergency Illness Medical Health Policy
- (14) Union Elderly Individual Personal Accident Insurance

- (15) Union Elderly Individual Personal Accident Insurance Accidental Medical Insurance Additional Coverage
- (16) Union Elderly Individual Personal Accident Insurance Specific Accident Injury Benefit Insurance Additional Coverage
- (17) Union Elderly Individual Personal Accident Insurance Major Burn Injury Benefit Insurance Additional Coverage
- (18) Union Mobile Equipment Occupancy Insurance
- (19) Union Comprehensive Arts Insurance Government Authority Exclusion Rider
- (20) Union Passenger Transportation Industry Liability Insurance
- (21) Union Travel Children's Injury Medical Travel Safety Insurance
- (22) Union War and Cyber Operation Exclusion No.4
- (23) Union Digital Business and Data Protection Insurance
- (24) Union War and Cyber War Exclusion
- (25) Union Territorial Exclusion
- (26) Union Breach Coach Services Endorsement
- (27) Union Sanctions Clause
- (28) Union Ransomware Event Cover

3. R&D plan

- (1) Replace the new core system to improve quotation, underwriting, reinsurance, claims and other operations.
- (2) In response to global climate change and market demands, continuously promote agricultural insurance to diversify farmers' business risks.
- (3) Actively reform and simplify the operating procedures of underwriting claims and even charging, adapt to the development of emerging technologies, in order to achieve the goal of streamlining manpower and speeding services.
- (4) Use internal data, social media and mobile technology to reach potential customers.
- (5) In line with the development of the Internet, plan to develop simple, easy-to-understand, inexpensive and easy-to-sell personal insurance products to expand and strengthen the sales of online channels.
- (6) Offer a range of service channels to address insurance needs related to aging, singlehood, low birth rates, and pets.
- (7) In response to changes in the insurance market due to social structural changes and new technologies, strengthen education and training and actively participate in external seminars to continue to stimulate staff development capabilities in order to keep up with the overall market changes.
- (8) Cultivate insurance talents and continuously improve competitiveness and productivity through continuous improvement of core functions.

(IV) Long and Short-Term Business Development Plans

Short-term:

- 1. Continue to strengthen the professionalism of underwriters and claim adjusters, arrange education and training courses, implement the principle of fair hospitality and financial friendly services, encourage the acquisition of relevant licenses, so as to enhance the professional skills of employees and strengthen the professional strength of teams.
- 2. Increase quality business and select channel business, implement underwriting policies and strengthen claims control, and increase retained premiums to stabilize surplus.
- 3. Promote the simplification of operating procedures and information transformation to reduce management and marketing costs, and deepen the implementation of correct cost concepts in the hearts of all employees to enhance competitive advantages.

4. Actively invest in digital operation, develop various mobile services and functions, and utilize our e-commerce advantage to strengthen our channel e-business.
5. Plan diversified commodities to meet customer needs to expand product differentiation to gain a competitive advantage, and conduct regular inspections of various insurance rates to strengthen rate competitiveness and profitability.

Long-Term:

1. Actively strengthen the business structure, continuously adjust the business structure, review the competitiveness of insurance products and premiums, and properly control the accumulation of risks.
2. Care for the society for a long time, participate in various public welfare activities, fulfill corporate social responsibility, and establish a good corporate image.
3. Construct a complete customer-oriented information system to ensure the Company's digitalization capability and network security. Strengthen the information management mechanism, pay attention to information security and protect customer data to protect the privacy and rights of policyholders.
4. Integrate the Company's overall resources, create benefits, and implement enterprise risk management (ERM), and strive to maximize the Company's earnings and shareholders' equity, implement the Company's sustainable business goals.
5. Adhere to the Group's business philosophy and advantages of "favor, self-confidence, and great unity", implement laws and regulations, strengthen insurance expertise and corporate governance, continue to create good results and make the Company the most trusted insurance company for customers.

II. Overview of Market and Production and Marketing Situation

(I) Market Analysis

1. The Company's main insurance sales regions for 2023

Unit: NT\$ thousands

Regions	Premium	Regions	Premium
Keelung City	93,265	Yunlin County	175,244
Taipei City	4,028,085	Chiayi County	195,415
New Taipei City	1,182,153	Tainan City	898,150
Taoyuan County	1,156,932	Kaohsiung City	1,321,946
Hsinchu County	441,434	Pingtung County	350,979
Miaoli County	176,878	Yilan County	105,687
Taichung City	1,357,225	Hualien County	77,018
Changhua County	459,479	Taitung County	38,201
Nantou County	222,699	Total	12,280,790

2. Market share and business structure of the Company in 2023

Unit: %

Union Insurance	Fire insurance	Flood insurance	Motor insurance	Marine hull & aviation insurance	Engineering insurance	Health & accident insurance	Other insurance	Typhoon flood insurance	Total
Market share	4.8%	3.3%	5.8%	3.1%	6.9%	4.2%	2.6%	5.4%	5.0%
Business structure	13.3%	1.9%	59.3%	1.1%	6.3%	9.0%	6.3%	2.8%	100.0%

Note: Source: The Non-Life Insurance Association of the Republic of China

3. Market supply and demand and market growth in the future

(1) Supplies

With the changing consumer behavior and continuous advancement in digital technology and data analytics, the insurance industry is accelerating its digital transformation efforts. The technological objectives should be customer-centric, aiming to enhance service innovation and agility. The primary objective of traditional insurance companies undergoing digital transformation is to offer insurance products and services that are more convenient, efficient, and secure, meeting the diverse needs of various customer segments.

(2) Demands

Digital transformation presents new business opportunities for the insurance industry, but it also demands attention to the challenges brought about by climate change. One of the future directions for the property and casualty insurance industry will be the development of green insurance products that address climate risks and facilitate risk transfer. Furthermore, with the increased awareness of risk transfer among the Taiwanese population, there is a gradual maturation of the notion of protecting one's own property security. It is anticipated that the demand for property insurance products from the general public will continue to rise in the future.

(3) Growth potential

The competent authority places significant emphasis on digital financial applications and actively promotes technological innovation. Furthermore, with the gradual relaxation of regulations and the increasing demand for online insurance, the inclusion of online insurance products and coverage options will contribute to the growth rate of e-commerce channels.

Furthermore, in response to the global trend of carbon reduction, the development of electric vehicles will continue to thrive in 2024, contributing to the growth of the car insurance market. Moreover, the government is moving towards achieving net zero emissions of greenhouse gases target in 2050 and continuously promoting a number of green energy policies. There are huge business opportunities in the energy market, which drives the demand for related green insurance. With the rise of AI in recent years, and secret stealing software ranked first in malicious software. The frequency of asset security attacks and personal asset leaks increased, which prompted enterprises to pay attention to related risk management and still expected to greatly drive the premiums of related emerging risks. which is expected to drive premiums for emerging risks. As a result, the demand for innovative insurance products is expected to continue to grow in 2024.

4. Competitive niches:

- (1) The Company has excellent credit rating, professional service team and strong capital capacity.
- (2) The Company will comply with legal regulations and enhance the strength of internal audit and control, strengthen ESG corporate governance, and enhance the international competitiveness of the capital market by deepening corporate governance and corporate social responsibility culture.
- (3) In the future, we will deepen businesses in banking, life insurance and special channels, develop quality business, strengthen marketing channel services and maintain continuous business growth by utilizing project management methods.

- (4) In response to the opportunities that may arise from climate change, we will grasp the business opportunities of emerging risks and actively develop new products and services.
- (5) We are actively developing the e-commerce market and seeking cross-industry cooperation to expand our potential customer base.

5. Advantages and disadvantages of the development prospects and countermeasures

(1) Advantages:

- A. With the lifting of the border closure and the downgrading of the epidemic in China, there is an outbreak of travel, and the travel fever also brings business opportunities for domestic and international travel insurance.
- B. The digitalization of processes, cloud computing, and the use of AI technology show that the demand for new technologies is booming, leading to increased demand for new types of insurance.
- C. The continuous development of insurance technology not only enhances operational and management efficiency, but also improves the service process to better meet the needs of customers, thus enhancing customer satisfaction.
- D. Emphasize the enhancement of underwriting claims, and continue to screen good-quality businesses, which will help reduce the loss rate and increase the underwriting profit.
- E. Launch various combination products can meet the different needs of the market, and facilitate sales by business personnel, and increase the transaction rate.

(2) Disadvantages:

- A. In recent years, the frequent occurrence of natural disasters in foreign countries has resulted in serious losses for foreign reinsurance companies and increased reinsurance costs.
- B. The application of IFRS17 is expected to affect the financial practices and manpower allocation of insurance companies.
- C. Inflation has increased the cost of insurance claims, and increased consumer awareness has led to an increase in liability settlements, which is not conducive to loss ratio control.

(3) Countermeasures:

- A. Strengthen corporate risk management and internal audit and internal control operations, increase capital utilization income, and control expenses and costs, so as to protect shareholders' rights and interests and create the Company's value.
- B. We keep an eye on market developments and develop new products and services to meet customer needs.
- C. We will consolidate our existing customer base, strengthen the use of cross-industry alliance strategies, and enhance channel development to explore new business opportunities.
- D. We will train excellent reinsurance and actuarial personnel to properly arrange reinsurance.

- E. We will actively recruit excellent business employees and improve the quality of underwriting and claim adjusters, and provide customers with “damage prevention services” to expand business scale and improve customer satisfaction.

(II) Key Functions and Manufacturing Process of Major Products:

1. Important Use

“Insurance ensures the stability of economic life, assembles a large number of economic units for the losses caused by the occurrence of specific dangerous accidents, and raises money based on reasonable calculations, as an economic system for compensation.”

Property insurance is to provide the protection of the life responsibility of enterprises, families and individuals, that is, the cornerstone of social stability and economic prosperity, and can provide the funds needed for the construction of the country. Therefore, the development of the insurance industry has become one of the important indicators of modern national economic development and social welfare.

2. Manufacturing process

Insurance products of product insurance companies shall be submitted for review in accordance with legal procedures before they can be sold.

(III) Status of Supply on Primary Materials: None.

(IV) The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease:

1. Names of the top ten customers in the two most recent years, the amount, ratio, and reasons for increase and reduction of such sales:

The Company is an insurance industry with scattered underwriting customers and does not have important customers who account for over 10% of operating revenue. Therefore, this requirement is not applicable.

2. Names of the top ten suppliers in the two most recent years, the amount, ratio, and reasons for increase and reduction of such sales:

(V) Production Volume and Value for the Most Recent 2 Years: Not Applicable.

(VI) Sales Volume/Value for the Most Recent Two Years

NT\$ thousands

Item \ Year	2022		2023	
	Number of Pieces	Premium (NT\$ Thousand)	Number of Pieces	Premium (NT\$ Thousand)
Fire insurance	446,427	1,518,191	452,269	1,974,676
Marine insurance	61,076	250,786	50,910	257,419
Land and Aviation insurance	3,178	97,006	3,467	112,850
Liability insurance	614,506	3,255,054	574,155	3,506,565
Guarantee insurance	2,455	18,223	3,016	23,575
Other property insurance	348,479	3,882,307	430,080	4,353,575
Accident insurance	626,390	957,399	646,038	1,016,561
Health insurance	53,411	66,688	81,446	88,528
Compulsory automobile liability insurance	855,575	964,711	856,232	947,041
Total	3,011,497	11,010,365	3,097,613	12,280,790

III. Information on Employees

Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Number of employees in the Past 2 Years up to the Report Printing Date

Year		2022	2023	Current fiscal year up to April 30, 2024
Number of Employees	Head Office	358	367	371
	Branches	752	739	734
	Total	1110	1106	1105
Average Age		43.22	43.67	43.91
Average Years of Service		12 years and 9 months	12 years and 11 months	13 years and 12 months
Academic distribution ratio	PhD	0.00%	0.00%	0.00%
	Master	6.13%	6.24%	6.15%
	Bachelor	83.06%	83.27%	83.35%
	High school	10.63%	10.31%	10.32%
	Below high school	0.18%	0.18%	0.18%

IV. Environmental protection expenditure

(I) Establishing internal policies relating to energy conservation and carbon reduction, greenhouse reduction, reduction in water consumption or other waste management

The Company upholds the concept of ethical corporate management, steady growth, and sustainable development, and is committed to the goal of environmental protection and environmental sustainability, reducing the load on environmental resources, enabling the sustainable use of earth resources, and fulfilling:

- (1) Comply with related environmental protection laws and regulations to jointly protect the nature environment.
- (2) Reduce energy consumption and promote energy conservation and carbon reduction measures.
- (3) Promote resource recycling, properly dispose of waste, and promote the sustainable use of resources.
- (4) Promote green procurement and use products with the Green Mark and Energy Label.

In terms of the Company's environmental protection affairs, the General Affairs Department is responsible for the formulation, promotion and maintenance of relevant environmental management systems and specific action plans, and timely arranging environmental education courses. In terms of energy resource consumption, the office operations of the Head Office, branches and subordinate liaison offices, and various energy-saving and carbon-reduction measures implemented include:

- (1) The lights shall be turned off on time during the noon break from 12:30 to 13:30. If need to deal with time-sensitive official duties, employees shall only use the lighting of their own office seats.
- (2) Save energy, turn off switch power supplies and sockets when leaving; review lighting needs, improve lighting performance, reduce the number of redundant lamps, and choose energy-saving lamps.

- (3) Usually, employees who work overtime only turn on the lighting in their seats, and the file storage rooms of each unit also turn off the lights at any time.
- (4) Before leaving the office meeting, turn off all lighting and air-conditioning equipment in the meeting room.
- (5) Regularly clean and maintain the air-conditioning filters of the Head Office, branches, and liaison offices (windows, box-type machines) to maintain air-conditioning efficiency and reduce power consumption.
- (6) Turn off all personal computer mainframes, printers, photocopiers, air conditioners and other equipment used by all units after work.
- (7) Purchase equipment with [Environmental Protection Mark], [Energy Saving Mark], [Water Saving Mark] and high EER value.
- (8) Employees do not use paper cups for internal meetings, bring their own portable cups, environmentally friendly chopsticks, handkerchiefs and shopping bags; drink less bottled water; use less disposable products; adjust the water output of the toilet tap to save water.
- (9) Paper is the most important raw material in the insurance service industry. However, for a sustainable environment, when considering the confidentiality of the Company or customer data, the Company advocates the reuse of obsolete photocopying paper or blank backing paper that does not contain customer data, and the use of e-mail or electronic files instead of paper, and give a priority to environmentally friendly toner cartridges.

(II) Annual emissions of CO₂ or other greenhouse gases for the past two years

The Company's energy resource consumption is mainly derived from the power used by the Head Office, each branch and liaison office. The Company continued to advocate various power-saving measures in 2024 to achieve the goal of further power-saving.

1. The Company consumed a total of 1,059,897 kWh of electricity during 2023, and the average person consumed a total of 937 kWh of electricity in 2023. After conversion from Taiwan's electricity carbon emission factor (0.495KgCO₂e/kWh) announced by the Bureau of Energy in 2022, the total emissions were about 524,649 Kg CO₂e (carbon dioxide equivalent).
2. The Company consumed a total of 1,050,837 kWh of electricity during 2022, and the average person consumed a total of 947 kWh of electricity in 2022. After conversion from Taiwan's electricity carbon emission factor (0.509KgCO₂e/kWh) announced by the Bureau of Energy in 2021, the total emissions were about 537,876 Kg CO₂e (carbon dioxide equivalent).
3. The Company continued to strengthen advocacy for energy conservation and carbon reduction, greenhouse gas reduction, and water reduction projects to reduce the impact of its operations on climate change.

(III) No loss arising from environmental penalties; and future countermeasures

The Company is a financial insurance company. Our statistics over the past five years do not indicate any loss arising from environmental penalties, such as compensation to others, or fines inflicted by a government environmental protection agency as a consequence of an inspection. In the future, we will strive to reduce carbon emission and join the world to create a zero-carbon emission environment.

(IV) Has the Company obtained ISO14001 or similar environmental management system certification?

The Company is an insurance company and does not cause major pollutions. This item is therefore inapplicable.

V. Labor relations

(I) The Company's various employee welfare measures, continuing education, training, and retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures

Since its establishment, the Company has given full respect and care to its employees, and has continuously planned various employee benefits to pursue a perfect working environment. Therefore, the labor relation is very harmonious. The welfare measures and implementation status are as follows:

1. Employee welfare measures

The Company has established the "Employee Welfare Committee" in accordance with the "Employee Welfare Regulations", and held regular meetings to discuss how to improve the Company's welfare measures, in an effort to enhance the welfare of the Company's employees. Each employee is entitled to labor insurance, health insurance and labor rebate payment in accordance with the Labor Standards Act, relevant laws and regulations. The welfare measures coordinated by the Company's Welfare Committee, the General Affairs Department and the Human Resource Department include:

- (1) Various types of gift money/subsidies: Year-end bonus, gift money for three Chinese festivals, birthday gift money, wedding gift money, maternity allowance, injury and illness condolences and funeral condolences.
- (2) Activity subsidies: Domestic employee travel, company and association subsidies, employee education and training, and year-end party.
- (3) Other benefits: employee stock ownership trust, paid leave for employees' children's new school enrollment and graduation ceremonies, discounts for employee shopping, health check-ups and group insurance. A total of 226 employees and family members have applied for insurance benefits with the amount of approximately NT\$6,779 thousand for the year ended December 31, 2023.

2. Employee continuing education and training

In the era of knowledge economy, the quality of human resources is an important key to determining the effectiveness of business operations. In order to enable employees to give full play to their functions and continue to improve their knowledge and skills, the Company specially set up a Training Office under the Human Resource Department to take charge of education and training related matters.

(1) Employee continuing education

The Company's education and training system is divided into five major systems:

A. Education and trainings for new recruits: Education and trainings organized to enable new recruits to understand the Company's profile, system, benefits, work knowledge and skills. Trainings for new recruits are divided into two categories: General education courses and professional courses:

a. General education courses-Sponsored by the Training Office of the Human Resource Department, centered in "Company Profile", "Laws

and Regulations” and “Knowing the Environment”.

- b. **Professional courses**-Sponsored by the unit directly affiliated to the new recruits, responsible for detailed introduction and explanation of the unit’s business-related matters.
- B. **Functional education and trainings**: The trainings for the job target can be divided into underwriting, claim settlement, business, reinsurance, management, etc., emphasizing the cultivation and strengthening of professional knowledge of property insurance and related work capabilities.
- C. **Level education and trainings**: Trainings for positions can be divided into senior executive trainings, mid-level executive trainings, grassroots cadre trainings and general employee trainings, including training to prepare for promotion, emphasizing management skills and administration induction and promotion of general handling ability.
- D. **Project-based education and trainings**: In order to meet the relevant government laws and regulations or the special needs of the Company, the Training Office arranges employees and supervisors in specific fields to conduct project-based education and trainings, including internal auditor training, department and branch supervisor audit training, actuarial staff training, product signing staff training, internal lecturer training, computer training or irregular lectures, etc.
- E. **Self-inspired education and trainings**: that is, knowledge sharing. All the data related to education and training within the Company are electronically carried out through the knowledge management information system (Knowledge Management, referred to as KM), and through the computer system management, the learning atmosphere is shaped, so that all employees can learn actively to improve their working ability and create added value for the Company.

(2) Education training goals

The development goals of the Company’s education and training are divided into short-term goals, medium-term goals, and long-term goals according to the employees’ length of service.

A. **Short-term target -**

1. Guide employees to get acquainted with the Company’s culture in order to gather centripetal force.
2. Inherit practical experience and cultivate work intelligence to improve employee behavior and increase willingness to work spontaneously.
3. Establish a correct working concept, learn a positive working attitude, and maintain a good interactive relationship with employees.

B. **Medium-term target -**

1. Strengthen personal communication management skills and problem-solving skills, so as to create the Company’s overall operational combat effectiveness.
2. Deepen insurance professionalism and improve the quality of the Company’s human resources.
3. Plan the employees’ personal learning map, induce and stimulate the management ability, and connect the Company from generation to

generation.

C. Long-term target -

1. Strengthen the lineup of the management team and establish the Company's professional image and reputation in the insurance industry.
 2. Assist in expanding and exploring different areas of professional knowledge, inject new business concepts into the insurance industry from a diversified perspective, and create sustainable value for the Company.
- (3) Talent is an important asset of the Company and a key factor in determining the Company's competitiveness. Therefore, the Company spares no effort to develop the capabilities of employees, provide training programs for new recruits, so that they can familiarize themselves with the work content, understand the Company's culture and enrich their professional knowledge in the shortest possible time. In terms of senior employees, the Company is more committed to deepening their professional knowledge, and also encourages employees to continue to learn and grow, and increase their diversified capabilities. In the future, the Company will continue to uphold the concept of lifelong learning and provide employees with hardware and software facilities for learning to achieve the goal of whole-person education.
- (4) The internal and external trainings in 2023 amounted to an average of 32.58 hours per person per year with a total of 36,037.8 training hours in 291 courses with more than 20,993 participants and NT\$1,464.9 thousand in training expenditures.

Statistics of internal trainings, external trainings and on-the-job trainings for the top ten attendees in 2023:

Category		Course Name	Number of Persons	Total Hours
Internal trainings	1	Friendly Senior Customer Series Training Digital Course	1103	2206
	2	Ethical corporate management regulations and case studies of the Company	1096	1096
	2	The Convention on the Rights of Persons with Disabilities and guidelines for financial-friendly services in the insurance industry	1096	548
	2	Q & A on practical operation of the guidelines for financial-friendly services in the insurance industry	1096	548
	4	Discussion on financial technology and insurance information security issues	1076	3228
	5	Principles for Fair Treatment of Customers (Including enhancements that should be noted for implementation)	1075	3878
	5	Financial Consumer Protection Act and response simulation training	1075	3225
	5	Introduction of internal regulations associated with anti-money laundering and counter-terrorist financing	1075	2150
	5	Whistleblower protection and the Company's reporting of illegal acts and its acceptance methods	1075	1075
	5	Understanding and advocacy of the Personal Data Protection Act	1075	1075
External trainings	1	Enhanced claims processing for compulsory automobile liability insurance (3.5H)	28	98
	2	2023 Education and training of compulsory motor liability insurance underwriters (1H)	15	15
	3	2023 Education and training of compulsory motor liability	14	182

Category	Course Name	Number of Persons	Total Hours
	insurance claiming (13H)		
	4 Education and training of compulsory motor liability insurance claiming (7H)	13	91
	4 Property Insurance Underwriting and Claims Product Signatory Personnel Professional Training Course (15H)	13	195
	5 2023/2024 Reinsurance Seminar (7H)	11	77
	5 The 2nd Sustainable Finance Assessment Plan (2.5H)	11	27.5
	6 The Promotion Meeting for the National Insurance Industry Climate Financial Disclosure Practices Manual (1)	8	24
	7 Comparison between Average Clause(2H)	7	14
	7 International Affairs Committee Seminar (2.5 hours)	7	17.5
	7 Strategy Planning and OKR Goal Management Seminar	7	14
On-the-job trainings	1 Health & accident insurance - Underwriting Guidelines and Relevant Legal Regulations Promotion	63	126
	2 Introduction to Electric Vehicles	56	112
	3 Personal information management system and awareness promotion	51	76.5
	4 Underwriting and marketing of cargo transportation insurance	47	94
	5 Motor Insurance Underwriting Seminar	43	86
	6 The Story of the COVID-19 Pandemic	40	80
	7 Analysis of Practical Cases in Public Accident Liability Insurance	37	74
	8 How the Board of Directors implements protection for elderly consumers (3H)	36	108
	9 Anti-money laundering and counter-terrorist financing personnel on-the-job training seminar	34	204
	10 Explanation of Differentiated Operations for Compulsory Insurance	32	64

3. Retirement system and implementation status

- (1) The Company complies with the retirement regulations of the Labor Standards Law and the Labor Pension Regulations, provides the labor retirement reserve and retirement pension monthly in accordance with laws and regulations, appoints actuaries to evaluate and calculate the labor retirement reserve and submit actuarial reports in order to fully safeguard the rights and interests of employees in retirement.
- (2) The Company appropriated a total of NT\$7,436 thousand to the Department of Trusts of the Bank of Taiwan in 2023 as labor pension preparatory fund under the old system. The cumulative account balance of the labor pension preparatory fund at the end of the year was NT\$374,737 thousand. The Company also regularly appropriates 6% of the employees' monthly salaries to the personal pension account of employees under the new labor pension system. We appropriated NT\$34,819 thousand in labor pension under the new system in 2023 to fully protect employees' rights and interest after retirement.

4. Protective measures for work environment and employees' personal safety

- (1) The Company's offices are equipped with a monitoring system and access control facilities to strictly control personnel access to ensure the personal safety of employees.

- (2) In terms of office environment, specially-assigned person are designated to maintain the office environment every day, disinfect the office regularly, and refurbish and update the equipment in real time.
- (3) For the employees themselves, in addition to the labor and health insurance prescribed by the government, the Company insures the employees for group injury medical insurance to supplement the deficiencies of social insurance.

5. Employee Code of Conduct or Ethics

- (1) In 2017, the Company separately formulated the “Regulations on the Prohibition of Drink-Driving for Employees” to protect the lives and social safety of employees and establish a culture of no drink-driving.
- (2) The Company’s employee behavior or ethics code is clearly set in the Company’s work rules, and it is also simultaneously disclosed on the Company’s internal webpage, which is described as follows:
 - A. All employees of the Company shall be selected and qualified before being hired, and the Company will assign them to work according to business needs.
 - B. The Company’s employees shall be voluntarily loyal and diligent, abide by all applicable laws and regulations of the Company, obey the reasonable command and supervision of supervisors at all levels, and shall not engage in acts that violate positivity or perfunctory responsibilities.
 - C. Supervisors at all levels shall be cordial and instructive to employees.
 - D. With regard to data associated with the Company’s business, property, information, etc., employees, regardless of whether they are in charge of matters, strictly observe the secrets and do not disclose them to the outside world.
 - E. Employees are forbidden to seek personal gain by taking advantage of their positions.
 - F. The Company’s employees shall work hard internally, cherish public property, reduce wastage, and improve quality, and externally shall keep confidential business or position.
 - G. In the event of a major business negligence at all levels of the Company’s power and responsibility units, the direct supervisor shall be punished jointly and severally, and major achievements shall be jointly rewarded.
 - H. Employees are not allowed to lead people who are not involved in official business to stay in the office.
 - I. Employees are not allowed to bring prohibited flammable, explosive and lethal weapons into the office, and they are not allowed to carry public property for their own use without approval.
 - J. Employees are not allowed to leave their duties without reason during office hours, and they are required to report to their supervisor if they go out temporarily for some reason. Otherwise, once they are found, they will be regarded as “absenteeism” based on the actual number of absentee hours, and the punishment will be discussed based on the severity of the circumstances.
 - K. The Company’s employees shall not concurrently hold positions or jobs outside of the Company during normal working hours during their tenure.

- L. Persons who exercise management rights on behalf of the Company or handle employee affairs on behalf of the Company shall not use their power, opportunities or methods at work to sexually harass employees, nor may they condone other people's sexual harassment of employees or job applicants.

6. Related certifications obtained from the relevant competent authorities by personnel associated with the transparency of financial information as of the publication date of the Annual Report are as follows:

Type of license	Training Institution	Number of shareholders
Regular member of the Actuarial Institute of the Republic of China (Taiwan)	The Actuarial Institute of the Republic of China (Taiwan)	1
Associate Member of the Actuarial Institute of the Republic of China (Taiwan)	The Actuarial Institute of the Republic of China (Taiwan)	1
FRM (Financial Risk Manager)	Risk Management Society of Taiwan	2
Property and Insurance Broker	Examination Yuan	3
Property Insurance Agent	Examination Yuan	2
Personal Insurance Broker	Examination Yuan	1
Property insurance underwriting officer qualifications	The Non-Life Underwriters Society of The Republic of China	65
Property insurance claims officer qualifications	The Non-Life Underwriters Society of The Republic of China	50
Property Insurance Specialist Qualification	The Non-Life Insurance Association of the Republic of China	1079
Personal Insurance Specialist Qualification	Life Insurance Association of the Republic of China	254
Qualifications of investment insurance commodity salesperson	Taiwan Insurance Institute	10
Level B technician in labor safety and health management	Council of Labor Affairs, Executive Yuan	1
Personal insurance underwriting qualifications	Life Insurance Management Institute of the Republic of China (LIMI-ROC)	4
Life insurance claims qualifications	Life Insurance Management Institute of the Republic of China (LIMI-ROC)	2
CPA certificate	Examination Yuan	1

7. Friendly Family Workplace Plan and Implementation Results

The Company is committed to creating a family friendly inclusive workplace, caring for the physical, mental and family health of each employee, hoping to build a friendly workplace, so that employees have peace of mind during pregnancy and childbirth, and expecting employees to achieve a balance of body, mind and spirit between work and family.

The Company provides employees with maternity leave, paternity leave, family care leave, and prenatal rest leave in accordance with legal regulations, in order to create a supportive environment for reproduction. Additionally, employees are eligible for a childbirth subsidy of NT\$10,000 per child. The Company also offers benefits such as "Child's Graduation Ceremony Leave" and "Child's New Student Enrollment Leave". Employees' children who are graduating this year can apply for one day of paid leave for the graduation ceremony by submitting the invitation letter or relevant proof. Similarly, employees' children under 8 years old who are starting kindergarten or

elementary school can apply for one day of paid leave for the first day of school by submitting the admission notice or relevant proof. This policy encourages employees to be actively involved in their children's growth process and promotes a healthy work-life balance.

Item	Number of Applicants in 2023
Employee Childbirth Subsidy	14 persons
Paid Leave for Employee Children's Graduation Ceremony	55 persons
Paid Leave for Employee Children's New Student Enrollment	34 persons

When employees of the Company have childcare needs, they are free to apply for parental leave, enabling them to maintain a healthy work-life balance without any concerns. In 2023, there were a total of 18 individuals eligible for parental leave (7 males and 11 females). Out of these, 8 individuals (4 males and 4 females) actually applied for parental leave.

8. Labor relation agreement

In accordance with the provisions of the Labor Standards Law, the Company has formulated work rules for compliance by employer and employees. The communication channels between employer and employees are smooth, fully communicating and coordinating with each other, and the labor relations have always been harmonious.

(II) Losses arising from labor disputes in the most recent year up to the publication date of this Annual Report and disclosure of potential current and future losses and countermeasures therefrom

In accordance with the file F.L.J.Z. No. 1110172389 dated June 27, 2022, the Company was imposed a fine of NT\$100 thousand for violating the provisions of Paragraph 1, Article 24 of the Labor Standards Act. The Company made improvements immediately after the ruling.

VI. Information Security Management

(I) Implementation of information security management

1. Information security risk management framework

The Company has set up the information security promotion committee, which is responsible for the discussion and resolution of matters related to the information security management system. The information security management promotion committee has a capital security implementation team, a capital security audit team and a capital security accident notification and handling team. The information security implementation team plans, establishes, implements, maintains, reviews and continuously improves the company's information security management system in accordance with the resolutions of the information security management promotion committee. The information security audit team is responsible for evaluating the implementation and compliance of the information security management system. The information security accident notification and handling team implements the information accident notification and handling and business continuity management project.

2. Information Security Policy:

Ensure the normal, safe and stable operation of the Company's information system services, standardize the highest guidelines of the information security management system of the Company's information platform maintenance process, so as to establish safe and reliable information system services, ensure the confidentiality, integrity and availability of information assets and meet the requirements of relevant laws and

regulations, maintain the continuous operation of the information platform and reduce the risk of information operation so as to protect the rights and interests of information system service users.

(1) Information security policy statement

The ultimate goal of the Company's information security work is that through the management of personnel, operations and information technology, the Company ensures that the information processing operations of the information platform can operate in a safe and effective manner, and prevents the information processing operations from occurring security incidents that affect the confidentiality, integrity and availability of information, so as to safeguard the privacy rights of customers and personal information.

- A. Set up the information management promotion committee responsible for the establishment and promotion of an information security management system of the Company.
- B. Investigate relevant laws, regulations and operation requirements, conduct information risk assessment of information assets, determine information operation security requirements, establish operation standards and procedures, and take appropriate information security measures to ensure the security of information assets.
- C. Establish an evaluation or assessment system based on personnel roles and functions, and handle information security education, training and advocacy activities according to actual needs.
- D. The granting of access authority to information assets shall be based on business needs and the minimum authority, division of rights and responsibilities and independent review.
- E. Establish information security accident management procedures to ensure proper response, control and handling of accidents, formulate business continuity plans and conduct regular drills to ensure the continuous operation of information systems or services.
- F. Prudently handle and protect personal information and intellectual property rights in accordance with the relevant provisions of the personal data protection law and intellectual property rights.
- G. Regularly carry out information security audit and inspect the implementation of information security management system.
- H. All personnel of the Company shall be responsible for information security and comply with relevant information security management regulations.
- I. After the policy is approved by the board of directors, the announcement will take effect, same as the amendments.

(2) Information security objectives

- A. The Company aims to protect the confidentiality, integrity and availability of information assets:
 - a. Maintain the continuous operation of information platform maintenance process business.
 - b. Protect the information assets related to the maintenance process of the information platform, prevent improper or illegal use with human intent, and curb the invasion and destruction of hackers, viruses and other acts.

- c. Establish standard operating procedures for information platform maintenance process, avoid human negligence and accidents, and strengthen the information security awareness of colleagues.
 - B. This policy shall be evaluated at least once a year to reflect the latest development status of relevant laws and regulations, technology and the company's business, and shall be revised appropriately.
- 3. Specific management plan
 - (1) The information security promotion committee shall hold a management review meeting at least once a year, and may hold an interim meeting when necessary.
 - (2) The review contents of the management review meeting shall include:
 - A. Implementation status of the resolutions of the previous management review meeting: tracking of the resolutions of the previous meeting.
 - B. Changes in internal and external issues related to information security management system: organize different departments concerned to review the identification results.
 - C. Feedback on information security performance, including the following trends:
 - a. Nonconformity items and corrective measures: information security incident handling and improvement operation.
 - b. Monitoring and measurement results.
 - c. Audit results: internal and external information security audit results and suggestions for improvement.
 - d. Achievement of information security objectives: report on the implementation of information security objectives.
 - D. Feedback from interested parties: suggestions from stakeholders such as employees and third-party units.
 - E. Status of risk assessment results and risk treatment plans: review of risk assessment and response results.
 - F. Opportunities for continuous improvement: suggestions for improving information security can be provided.
 - (3) The conclusion of the management review meeting shall include: the output of the management review shall include decisions related to continuous improvement opportunities and any need for changes to the information security management system.
 - (4) Management review is an important activity of the information security management system, and the review records shall be handled in accordance with the record management requirements of the information security management system.
- 4. Resources invested in the security management of information security
 - (1) WAF information security equipment protection.
 - (2) HiNet DDoS protection.
 - (3) Annual information security evaluation.
 - (4) Annual social engineering drill.

- (5) ISO27001 certification every year.
 - (6) Introduction of Microsoft WVD two-factor authentication.
 - (7) Privileged Connection Monitoring Mechanism.
 - (8) Employee account behavior pattern analysis.
 - (9) Credit card authentication mechanism import.
 - (10) Introduction of the DLP Personal Information Protection System.
 - (11) Website Anti-Replacement System Planning.
- (II) Losses incurred due to major information security incidents in the most recent year: None.
- (III) The impact of security risks on the Company's financial business and the countermeasures
The Company has established internal operation specifications related to information security to strengthen the implementation of internal audit and internal control.
- The Company has established internal operation specifications related to information security to strengthen the implementation of internal audit and internal control. Immediately control the information security incidents, effectively reduce the damage caused by them, so as to ensure the security of customer data and achieve the sustainable operation of the enterprise.

VII. Major Agreements

Type of Contract	Party	Commencement Date and Expiration Date	Contract Content	Restrictions
Reinsurance contract	<p>All the reinsurers participating in the contract, among which the chief reinsurers are:</p> <ul style="list-style-type: none"> ● Central Reinsurance Corporation ● Hannover Rück, SE ● Swiss Reinsurance Company ● Canopus Asia Pte. Ltd. ● HCC International Insurance Company 	2023/01/01 ~ 2023/12/31	In accordance with proportional and non-proportional reinsurance contracts, various insurance direct signing businesses underwritten by the Company are reinsurance to ensure stable operations.	Some contracts include exclusion clauses

Chapter 6 Financial Overview

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Years (Consolidated and Parent Company Only)

(I) Condensed Balance Sheets and Statements of Comprehensive Income (Consolidated)

Unit: NT\$ thousands

Item	Year	Financial Information for the Past Five Years (Note 1)	
		2019	2020
Current assets		15,578,199	15,705,622
Property and equipment (Note 2)		1,127,260	1,165,781
Intangible assets		133,831	136,982
Deferred income tax assets		-	-
Other assets		745,329	736,347
Total Assets		17,584,619	17,744,732
Current liabilities	Before distribution	1,313,465	1,256,750
	After distribution	1,313,465	(Note 4)
Non-current liabilities		10,829,751	10,640,789
Total liabilities	Before distribution	12,143,216	11,897,539
	After distribution	12,330,621	(Note 4)
Share capital		2,129,600	2,236,080
Capital surplus		-	-
Retained earnings	Before distribution	3,164,913	3,552,655
	After distribution	3,164,913	(Note 4)
Other equity		123,328	58,458
Treasury Stock		-	-
Non-controlling interest		23,562	-
Total Equity	Before distribution	5,441,403	5,847,193
	After distribution	5,253,998	(Note 4)

Note 1: All have been audited and attested by CPAs.

Note 2: There is no asset revaluation in this period.

Note 3: All have been reviewed and attested by CPAs.

Note 4: On May 8, 2015, the Thai subsidiary was purchased and consolidated statements were prepared.

Note 5: On January 27, 2020, the Thai subsidiary was cut off.

Condensed Consolidated Income Statement (Consolidated)-Adopting International Financial Reporting Standards (IFRS)

Unit: NT\$ thousands

Item	Year	Financial Information for the Past Five Years (Note 1)	
		2019	2020
Operating revenue		8,081,941	8,237,782
Gross profit		2,729,989	2,728,079
Operating Income		686,326	673,890
Non-operating income and expenses		13,928	32,162
Net profit before income tax		700,254	706,052
Profit from continuing operation		700,254	700,254
Loss from discontinued operations		-	-
Net Income (Loss)		702,577	702,097
Other comprehensive income or loss for the period (Net amount after tax)		69,293	(82,387)
Total comprehensive income		771,870	619,710
Profit attributable to owners of the parent		703,782	702,097
Profit attributable to non-controlling interest		(1,205)	-
Total comprehensive income attributable to owners of the parent		771,697	619,710
Total comprehensive income attributable to non-controlling interest		173	-
Earnings per share		3.15	3.14

Note 1: All have been audited and attested by CPAs.

Note 2: All have been reviewed and attested by CPAs.

Note 3: On May 8, 2015, the Thai subsidiary was purchased and consolidated statements were prepared.

Note 4: On January 27, 2020, the Thai subsidiary was cut off.

(II) Condensed Balance Sheet and Comprehensive Income Statement (Parent Company Only)

Condensed Balance Sheet (Parent Company Only)-Adopting International Financial Reporting Standards (IFRS)

Unit: NT\$ thousands

Year Item		Financial Information for the Past Five Years (Note 1)					Current year up to March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		15,507,907	15,705,622	16,828,972	16,086,185	17,792,880	18,686,960
Property and equipment (Note 2)		1,127,260	1,165,781	1,262,061	1,292,268	1,287,364	1,484,380
Intangible assets		133,831	136,982	120,574	113,373	165,170	166,899
Other assets (Note 2)		764,990	736,347	809,330	809,785	682,641	654,729
Total Assets		17,533,988	17,744,732	19,020,937	18,301,611	19,928,055	20,992,968
Current liabilities	Before distribution	1,283,230	1,256,750	1,237,685	1,167,305	1,234,591	1,293,724
	After distribution	1,283,230	1,256,750	1,237,685	Note 5	Note 6	(Note 4)
Non-current liabilities		10,832,917	10,640,789	11,341,479	12,329,453	12,592,817	13,172,361
Total liabilities	Before distribution	12,116,147	11,897,539	12,579,164	13,496,758	13,827,408	14,466,085
	After distribution	12,303,552	12,076,425	12,802,772	Note 5	Note 6	(Note 4)
Equity attributable to owners of the parent		-	-	-	-	-	-
Share capital		2,129,600	2,236,080	2,236,080	2,236,080	2,236,080	2,236,080
Capital surplus		-	-	-	-	-	-
Retained earnings	Before distribution	3,164,913	3,552,655	4,126,209	2,634,807	3,842,400	4,246,982
	After distribution	2,871,028	3,373,769	3,902,601	Note 5	Note 6	(Note 4)
Other Equity		123,328	58,458	79,484	(66,034)	22,167	43,821
Total Equity	Before distribution	5,417,841	5,847,193	6,441,773	4,804,853	6,100,647	6,526,883
	After distribution	5,230,436	5,668,307	6,218,165	Note 5	Note 6	(Note 4)

Note 1: All have been audited and attested by CPAs.

Note 2: There is no asset revaluation in this period.

Note 3: All have been reviewed and attested by CPAs.

Note 4: Not applicable for Q1 2024.

Note 5: FY2022 made accumulated losses.

Note 6: FY2023 made accumulated losses.

Condensed Parent Company Only Comprehensive Income Statement (Parent Company Only) - Adopting International Financial Reporting Standards (IFRS)

Unit: NT\$ thousands

Item \ Year	Financial Information for the Past Five Years (Note 1)					Current year up to March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	8,065,998	8,237,782	8,809,911	8,500,870	10,177,513	2,771,183
Gross profit	2,719,968	2,728,079	2,805,768	699,994	3,474,131	1,041,022
Operating Income	687,421	673,890	794,117	(1,331,410)	1,302,095	453,698
Non-operating income and expenses	13,930	32,162	12,144	8,781	7,514	2,843
Net profit before income tax	701,351	706,052	806,261	(1,322,629)	1,309,609	456,541
Profit from continuing operation	703,782	702,097	696,668	(1,322,207)	1,200,346	404,582
Loss from discontinued operations	-	-	-	-	-	-
Net Income (Loss)	703,782	702,097	696,668	(1,322,207)	1,200,346	404,582
Other comprehensive income or loss for the period (Net amount after tax)	67,915	(82,387)	76,798	(91,105)	95,448	21,654
Total comprehensive income	771,697	619,710	773,466	(1,413,312)	1,295,794	426,236
Profit attributable to owners of the parent	-	-	-	-	-	-
Profit attributable to non-controlling interest	-	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	-	-	-	-	-	-
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	3.15	3.14	3.12	(5.91)	5.37	1.81

Note 1: All have been audited and attested by CPAs.

Note 2: All have been reviewed and attested by CPAs.

(III) Names of CPAs and their opinions in the most recent five years

Year	Name of CPAs		Auditing opinions of CPAs
2023	CPA Cheng-Yen Wu	Pei-Ju Tsai, CPA	Unqualified opinion
2022	CPA Cheng-Yen Wu	CPA Chung Dan-Dan	Unqualified opinion
2021	CPA Cheng-Yen Wu	CPA Chung Dan-Dan	Unqualified opinion
2020	CPA Li Feng-Hui	CPA Chung Dan-Dan	Unqualified opinion
2019	CPA Li Feng-Hui	CPA Chung Dan-Dan	Unqualified opinion

II. Financial Analysis for the Past Five Years (Consolidated and Parent Company Only)

Financial analysis and key performance indicators KPI (consolidated)

Unit: %

Analysis Item	Year	Analysis of Financial and Operational Indicators of the Past Five Years (Note 1)	
		2019	2020
Business indicators	Changes in direct insurance premium income	0.12	3.96
	Changes in direct claims paid	15.58	(1.38)
	Changes in premium retained	-0.25	5.45
	Ratio of net worth	30.94	32.95
Profitability Indicator	Return on assets	4.02	3.99
	Return on owners' equity	13.64	12.47
	Return on fund utilization	2.48	2.93
	Return on Investment	2.24	2.65
	Retention combined ratio	96.25	96.03
	Retention expenses ratio	42.35	42.17
	Retention loss ratio	53.90	53.86
Overall operating indicators	Ratio of retained premiums to owners' equity	128.78	126.27
	Ratio of gross premiums to owners' equity	188.57	182.00
	Ratio of net reinsurance commission to owners' equity	8.78	7.85
	Ratio of reserves to owners' equity	191.21	176.61
	Changes in owners' equity	11.94	7.92
	Expense rate	34.73	34.70

Note 1: On May 8, 2015, the Thai subsidiary was purchased and consolidated statements were prepared.

Note 2: On January 27, 2020, the Thai subsidiary was cut off.

Note 3: This indicator is a Key Performance Indicator (KPI) specific to the product insurance industry.

Financial analysis and key performance indicators KPI (Parent Company Only)

Unit: %

Analysis Item		Analysis of Financial and Operational Indicators of the Past Five Years (Note 1)					Year-to-date through March 31, 2024
		2019	2020	2021	2022	2023	
Business indicators	Changes in direct insurance premium income	0.08	3.96	4.29	3.27	11.54	11.71
	Changes in direct claims paid	15.65	(1.38)	(0.36)	16.42	(2.06)	(17.75)
	Changes in premium retained	(0.28)	5.45	8.29	5.67	8.92	10.33
	Ratio of net worth	30.90	32.95	33.87	26.25	30.61	31.09
Profitability Indicator	Return on assets	4.05	3.99	3.81	(7.05)	6.31	7.95
	Return on owners' equity	13.72	12.47	11.34	(23.51)	22.01	25.63
	Return on fund utilization	2.91	3.24	3.47	(1.84)	3.59	6.42
	Return on Investment	2.63	2.93	3.16	(1.70)	3.31	5.91
	Retention combined ratio	96.83	96.03	95.49	109.58	95.28	87.18
	Retention expenses ratio	42.90	42.17	41.02	39.39	38.52	36.41
Overall operating indicators	Retention loss ratio	53.93	53.86	54.47	70.19	56.76	50.77
	Ratio of retained premiums to owners' equity	129.24	126.27	124.12	175.83	150.84	165.25
	Ratio of gross premiums to owners' equity	188.89	182.00	172.22	238.09	208.77	222.56
	Ratio of net reinsurance commission to owners' equity	8.69	7.85	5.13	7.30	6.40	6.35
	Ratio of reserves to owners' equity	192.04	176.61	170.12	252.33	201.58	196.55
	Changes in owners' equity	11.99	7.92	10.17	(25.41)	26.97	6.99
Overall operating indicators	Expense rate	35.08	34.70	33.63	33.47	32.31	31.63

Reasons for changes in various financial ratios in the most recent two years (2023 and 2022), and descriptions of significant changes:

- (I) Return on equity and rate of change in equity: The increase in return on equity and rate of change in equity was mainly due to the increase in net profit for the period.
- (II) Retained premium-to-equity ratio, gross premium-to-equity ratio, and various insurance liabilities-to-equity ratio: This is mainly due to the decrease in claims and reserves for epidemic prevention insurance policies in the current period, resulting in a decrease in retained premium-to-equity ratio, gross premium-to-equity ratio, and various insurance liabilities-to-equity ratio.

Note 1: The financial data for the most recent five years has been audited by CPAs.

Note 2: This indicator is a Key Performance Indicator (KPI) specific to the product insurance industry.

Note 2: The calculation formulas for the analysis items are as follows:

1. Business indicators

- (1) Rate of change in direct premium revenue = (Cumulative amount of direct premium revenue in the current period - Cumulative amount of direct premium revenue in the same period last year) / Cumulative amount of direct premium revenue in the same period last year
["Direct Insurance Premium Revenue" refers to the insurance premium revenue obtained by insurance companies directly issuing insurance policies to the insured.] -
- (2) Rate of change in direct indemnity paid = (Cumulative amount of direct indemnity paid in the current period - Cumulative amount of direct indemnity paid in the same period last year) / Cumulative amount of direct indemnity paid in the same period last year
["Direct Indemnity Paid" refers to the indemnity paid by the insurance company that directly issues the insurance policy to the insured person due to insured accidents.] -
- (3) Rate of change in retained premiums = (Cumulative retained premiums for the current period - Cumulative retained premiums for the same period last year) / Cumulative retained premiums for the same period last year
[Retained premiums = Direct premium revenue + Reinsurance premium revenue - Reinsurance premium expenditures]
- (4) Net value ratio = Owner's equity / total assets in separate account excluding investment-linked insurance

2. Profitability Indicator

- (1) Return on assets = $[\text{Net profit after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$
[Average total assets = (Assets at the beginning of the period + Assets at the end of the period)/2]
- (2) Return on equity = Pre (post)-tax profit or loss/Average net equity
[Average equity = (current year equity + previous year equity)/2]
- (3) Net return on fund utilization = net investment income for the current period / (beginning available funds + ending available funds - net investment income for the current period) / 2
[Net investment revenue for the current period = Interest income + Financial asset interest measured at fair value through profit and loss + Realized interest of financial assets available for sale + Conversion interest + Investment real estate gains and losses + Investment impairment losses and reversal benefits]
- (4) Return on investment = net investment income for the current period / [(beginning assets + ending assets - net investment income for the current period) / 2]
[Net investment revenue for the current period = Interest income + Financial asset interest measured at fair value through profit and loss + Realized interest of financial assets available for sale + Conversion interest + Investment real estate gains and losses + Investment impairment losses and reversal benefits]
- (5) Retained combined ratio = Retained expense ratio + retained endowment loss rate
- (6) Retained expense ratio = retained expenses/retained premium
[Retained premiums = Direct premium revenue + Reinsurance premium revenue - Reinsurance premium expenditures]
[Retained expenses = Commission and underwriting expenses (including stability fund expenses) + Reinsurance commission expenses - Reinsurance commission income + Business expenses + Management expenses + Self-use real estate depreciation and amortization]
- (7) Retained loss ratio = Retained insurance indemnity / Retained premium earned
[Retained insurance indemnity = Insurance claims and benefits - Amortized reinsurance claims + Net change in indemnity reserves]
[Retained premium earned = Direct premium revenue + Reinsurance premium revenue - Reinsurance premium expenditures - Net change in reserve for unearned premiums]

3. Overall operating indicators

- (1) Retained premiums to equity ratio = Retained premiums/equity
- (2) Gross premiums to equity ratio = (Direct premium revenue + Reinsurance premium revenue)/Equity
- (3) Impact rate of net reinsurance commission on equity = (Unexpired premium reserve / Retained premium) * Reinsurance commission income / Equity
- (4) Ratio of various reserves to equity = Various insured liabilities / equity
[Various insurance liabilities = Special reserve + Indemnity reserve + Unexpired liability reserve + Other various reserves]
- (5) Rate of change in equity = (Current year's equity - Last year's equity)/absolute value of last year's equity
- (6) Expense ratio = Expense / (Direct premium income + Reinsurance premium income)
[Expenses = Commission and underwriting expenses + Operating expenses + Management expenses + Self-use real estate depreciation and amortization + Reinsurance commission expenses]

III. Audit Committee's report for the most recent year's financial statements

Union Insurance Co., Ltd.
Report of the Audit Committee for 2023

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and Distribution of Earnings, among which the Financial Statements have been audited by CPAs Cheng-Yen Wu and Pei-Ru Tsai of KPMG Taiwan, who issued an audit report accordingly. The above business report, financial statements, and earnings distribution plan have been reviewed by our Audit Committee and are deemed to be in compliance with the relevant provisions of the Securities and Exchange Act and the Company Act. We kindly request your review.

Sincerely
Union Insurance Co., Ltd.
Convener of the Audit Committee Dong-Liang Wang

March 12, 2024

IV. Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

Independent Auditors' Report

To the Board of Directors of Union Insurance Co., LTD.:

Opinion

We have audited the financial statements of Union Insurance Co., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of insurance liability

Please refer to Note 4(o) "Insurance liabilities" for the related accounting policy for the years ended December 31, 2023, Note 5 for accounting assumptions and estimation uncertainty of insurance liability for the years ended December 31, 2023, and Note 6(n) for details of the assessment of insurance liability.

Description of key audit matter:

The Company measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules, of which the judgment of future uncertainty and related hypothetical parameters include claim development factor and expected claim rate used in estimating the claim reserve, as well as the reserve of unearned premium is based on the calculated factors according to characteristics of each insurance type. Above mentioned assessment is involved the exercise of significant professional judgments. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: engaging our internal actuarial specialists to perform relevant audit procedures over insurance liability, inspecting whether the methods and parameters of insurance liabilities are in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China; independently establishing models to recalculate the amount of reserves and further comparing the result of recalculation with the one provided by the management; the appropriateness of actuarial assumptions based on internal data or industry experiences with the characteristics of insurance products, performing the changes of insurance liabilities analysis, including understanding of industry and market, and evaluating the rationality of actuarial assumption adopted by the management.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.**Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
11000	Cash and cash equivalents (note 6(a))	\$ 3,479,186	17	3,067,290	17	21000	Accounts payable (note 6(b) and (e))	\$ 1,234,591	6	1,167,305	7
12000	Receivables (note 6(b))	555,987	3	615,306	3	21700	Current tax liabilities	94,885	-	-	-
12600	Current tax assets	7,234	-	7,234	-	24000	Insurance liabilities (note 6(n))	12,297,598	62	12,124,121	66
14110	Financial assets at fair value through profit or loss (note 6(f))	1,721,519	9	802,477	4	27000	Provisions (note 12)	98,816	1	110,113	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,351,075	12	2,140,676	12	23800	Lease liabilities (note 6(j))	17,929	-	11,931	-
14145	Financial assets at amortized cost (note 6(f))	2,562,498	13	2,733,848	15	28000	Deferred tax liabilities (note 6(o))	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	1,872,700	10	1,622,875	9	25000	Other liabilities	19,669	-	19,368	-
16700	Right-of-use assets (note 6(i))	17,733	-	11,796	-		Total liabilities	13,827,408	69	13,496,758	74
14200	Investment property (note 6(g))	1,047,509	5	851,695	5		Equity				
15000	Reinsurance assets (note 6(c))	4,202,406	21	4,252,018	23	31100	Ordinary share (note 6(p))	2,236,080	11	2,236,080	12
16000	Property and equipment (note 6(h))	1,287,364	6	1,292,268	7	33100	Legal reserve (note 6(p))	1,004,854	5	1,004,854	5
17000	Intangible assets	165,170	1	113,373	1	33200	Special reserve (note 6(n) and (p))	3,094,152	16	2,750,537	15
18000	Other assets	657,674	3	790,755	4	33300	Unappropriated retained earnings (note 6(p))	(256,606)	(1)	(1,120,584)	(6)
						34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	22,167	-	(66,034)	-
							Total equity	6,100,647	31	4,804,853	26
Total assets		\$ 19,928,055	100	18,301,611	100	Total liabilities and equity		\$ 19,928,055	100	18,301,611	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022		Change
		Amount	%	Amount	%	%
41000	Operating revenue:					
41110	Written premium	\$ 12,280,790	121	11,010,365	130	12
41120	Reinsurance premium	455,275	4	429,428	5	6
41100	Premium	12,736,065	125	11,439,793	135	
51100	Less: Reinsurance expense	3,533,680	35	2,991,407	35	18
51310	Net change in unearned premiums reserve	236,828	2	172,942	3	37
41130	Retained earned premium	8,965,557	88	8,275,444	97	
41300	Reinsurance commission received	570,682	6	501,408	6	14
41500	Net income (loss) from investments					
41510	Interest income	129,927	1	93,447	1	39
41521	Gains (losses) on financial assets at fair value through profit or loss	365,860	4	(532,748)	(6)	169
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	90,790	1	91,618	1	(1)
41550	Foreign exchange gains (losses), investments	1,066	-	(1,532)	-	170
41570	Gains (losses) on investment property	38,426	-	30,172	-	27
41585	Expected credit losses or reversal of expected credit losses of investments (note 6(f))	(3,476)	-	(452)	-	(669)
41800	Other operating income	18,681	-	43,513	1	(57)
	Total operating revenue	10,177,513	100	8,500,870	100	
51000	Operating costs:					
51200	Insurance claim payment	6,627,072	65	6,778,106	80	(2)
41200	Less: Claims recovered from reinsurers	1,762,084	17	1,561,472	19	13
51260	Retained claim payment	4,864,988	48	5,216,634	61	
51300	Net change in other insurance liability (note 6(n))					
51320	Net change in claim reserve	224,208	2	591,584	7	(62)
51340	Net change in special claim reserve	40,005	-	(232,820)	(2)	117
51350	Net change in premium deficiency reserve	(394,485)	(3)	396,037	5	(200)
51500	Commission expense	1,930,951	19	1,779,767	21	8
51800	Other operating costs	30,450	-	41,888	-	(27)
51700	Finance costs	7,265	-	7,786	-	(7)
	Total operating costs	6,703,382	66	7,800,876	92	
58000	Operating expenses:					
58100	General expenses	1,747,106	17	1,647,284	20	6
58200	Administrative expenses	404,646	4	356,972	4	13
58300	Staff training expenses	1,465	-	2,026	-	(28)
58400	Expected credit losses or reversal of expected credit losses of non-investments (note 6(b) and (u))	18,819	-	25,122	-	(25)
	Total operating expenses	2,172,036	21	2,031,404	24	
	Net operating income (loss)	1,302,095	13	(1,331,410)	(16)	198
59000	Non-operating income and expenses	7,514	-	8,781	-	(14)
62000	Net income (loss) before income tax	1,309,609	13	(1,322,629)	(16)	(199)
63000	Less: Income tax expenses (income) (note 6(o))	109,263	1	(422)	-	(25,992)
	Net Income (Loss)	1,200,346	12	(1,322,207)	(16)	191
83000	Other comprehensive income:					
83100	Components of other comprehensive income that will not be reclassified to profit or loss					
83110	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	7,247	-	53,932	1	(87)
83190	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	88,201	1	(145,037)	(2)	161
	Components of other comprehensive income that will not be reclassified to profit or loss	95,448	1	(91,105)	(1)	205
83000	Other comprehensive income (after tax)	95,448	1	(91,105)	(1)	205
	Total comprehensive income	\$ 1,295,794	13	(1,413,312)	(17)	192
97500	Basic earnings (loss) per share (NT dollars) (note 6(q))	\$ 5.37		(5.91)		
98500	Diluted earnings (loss) per share (NT dollars) (note 6(q))	\$ 5.37		(5.91)		

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital	Retained earnings			Other equity	
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2022	\$ 2,236,080	854,366	2,459,890	811,953	79,484	6,441,773
Net loss	-	-	-	(1,322,207)	-	(1,322,207)
Other comprehensive income	-	-	-	53,932	(145,037)	(91,105)
Total comprehensive income	-	-	-	(1,268,275)	(145,037)	(1,413,312)
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	150,488	-	(150,488)	-	-
Special reserve on appropriated-net change in special claim reserve	-	-	291,012	(291,012)	-	-
Cash dividends of ordinary share	-	-	-	(223,608)	-	(223,608)
Special reserve on reversal-employee training and transferring plan	-	-	(365)	365	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	481	(481)	-
Balance at December 31, 2022	2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	1,200,346	-	1,200,346
Other comprehensive income	-	-	-	7,247	88,201	95,448
Total comprehensive income	-	-	-	1,207,593	88,201	1,295,794
Appropriation and distribution of retained earnings:						
Special reserve on appropriated-net change in special claim reserve	-	-	344,588	(344,588)	-	-
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
Balance at December 31, 2023	\$ 2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Net income (loss) before income tax	\$ 1,309,609	(1,322,629)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	51,953	53,540
Amortization expense	25,320	17,266
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(345,727)	544,008
Interest expense	7,265	7,786
Interest income	(129,927)	(93,447)
Dividend income	(110,923)	(102,878)
Net change in insurance liabilities	175,386	1,168,019
Net change in other provisions	(4,050)	(15,032)
Expected credit loss of investments	3,476	452
Expected credit loss of non-investments	18,819	25,122
Impairment loss on non-financial assets	-	2,100
Others	9	(1)
Total adjustments to reconcile profit (loss)	(308,399)	1,606,935
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	21,530	(34,008)
Decrease in premiums receivable	24,287	106,887
(Increase) decrease in other receivables	(8,951)	958
(Increase) decrease in financial assets at fair value through profit or loss	(573,315)	532,874
Increase in financial assets at fair value through other comprehensive income	(122,198)	(205,314)
Decrease (increase) in financial assets at amortized cost	200,000	(1,344,501)
(Increase) decrease in other financial assets	(249,825)	804,545
Decrease (increase) in reinsurance assets	35,136	(392,001)
Increase in current tax assets	-	(7,234)
Decrease (increase) in other assets	83,071	(4,605)
Total changes in operating assets	(590,265)	(542,399)
Changes in operating liabilities:		
Increase (decrease) in other payable	67,286	(70,380)
Increase in other liabilities	301	553
Total changes in operating liabilities	67,587	(69,827)
Cash inflow (outflow) generated from (used in) operations	478,532	(327,920)
Interest received	148,873	79,683
Dividends received	110,432	103,169
Interest paid	(7,265)	(7,786)
Income taxes paid	(14,378)	(102,514)
Net Cash flows from (used in) operating activities	716,194	(255,368)
Cash flows from (used in) investing activities:		
Increase in prepayments	(29,043)	(10,230)
Acquisition of property and equipment	(23,820)	(62,193)
Acquisition of intangible assets	(32,444)	(12,803)
Acquisition of investment properties	(202,631)	-
Net cash flows used in investing activities	(287,938)	(85,226)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(16,360)	(16,735)
Cash dividends paid	-	(223,608)
Net cash flows used in financing activities	(16,360)	(240,343)
Net increase (decrease) in cash and cash equivalents	411,896	(580,937)
Cash and cash equivalents at beginning of period	3,067,290	3,648,227
Cash and cash equivalents at end of period	\$ 3,479,186	3,067,290

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

UNION INSURANCE CO., LTD. (the “Company”) was founded on February 20, 1963 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 12th Floor, No. 219, Sec. 4, Zhongxiao E. Road, Taipei, Taiwan, R.O.C. The Company are primarily engaged in underwriting of fire, marine, automobile, engineering, liability and accident insurance, reinsurance, insurance businesses entrusted by other companies, performing a variety of investments and other businesses in accordance with the regulations.

(2) Approval date and procedures of the financial statements:

These financial reports were approved and announced by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 17 “Insurance Contracts”	<p>The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows:</p> <ul style="list-style-type: none"> ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue. 	January 1, 2023

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	<p>The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to:</p> <ul style="list-style-type: none"> • reduce costs by simplifying some requirements in the Standard; • make financial performance easier to explain; and • ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. 	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	<p>The amendment adds a new transition option to IFRS 17 (the ‘classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.</p>	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized as follows. Unless otherwise indicated, the significant accounting policies have been applied consistently to all periods presented in these financial statements.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Companies and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measure

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) FVTPL are measured at fair value.
- 2) FVOCI are measured at fair value.
- 3) Net defined benefit liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling.
- 4) Part of investment properties are measured at fair value as their recognized cost.
- 5) Reinsurance reserve assets and insurance liability are measured in accordance with the “Regulations Governing the Provision of Various Reserves”.

(ii) Functional currency and Presentation Currency

The functional currency of the Group entities is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Group’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the differences relating to an investment in equity securities designated as at fair value through other comprehensive income.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(d) Principle of classifying assets and liabilities as current and non-current

Due to the specific business feature of insurance business, the operating cycle is more difficult to establish, and therefore assets and liabilities are not classified as current or non-current. Nonetheless, the items are classified per their properties and are arranged per their liquidity.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise time deposits due within three months and bonds purchased under resale agreements which are held for the purpose of meeting short term cash commitments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Those time deposits exceed three months are recognized as other financial assets — net.

(f) Bills and bonds purchased/sold under agreements to resell

Bills and bonds purchased/sold under agreements to resell, they are accounted at the transaction price and are included in assets on the delivery date if it's compliance with financing conditions. When selling back, they are regarded as the realization of the assets, and the difference between the trading and the selling is classified as interest income.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value (including payables and other liabilities), plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(i) Insurance contracts

An insurance contract is a “contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder”. The Company defines significant insurance risk as the event which might lead to additional significant payment.

Once a contract has qualified as an insurance contract, it remains an insurance contract until all rights and obligations are extinguished or expired, even if insurance risk becomes insignificant or not existent. However, some contracts do not transfer any insurance risk to the Company at inception, although they do transfer insurance risk at a later time. In those cases, the contract is not considered an insurance contract until the risk transfer happens.

(j) Reinsurance contract assets

The Company’s rights to the reinsurer include ceded unearned premium reserve, ceded claim reserve, ceded premium deficiency reserve, claims recoverable from reinsurers, and net reinsurance receivables. The way to estimate claims and payments recoverable from reinsures is consistent with the way to estimate claims of policies. Receivables and payables of reinsurance are not offset and present by net amounts unless both parties to the contract have statutory offsetting rights and intend to deliver on a net basis or at the same time.

The Company periodically assesses the impairment of the reinsurance assets described above, reinsurance reserve assets, claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit. A reinsurance asset is impaired if, and only if (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and (b) that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. If the Company’s reinsurance reserve assets are impaired, the Company shall reduce its carrying amount accordingly and recognize that impairment loss in profit or loss, and recognize proper allowance for claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit.

The Company assesses whether significant insurance risks have been transferred to the reinsurer. If significant insurance risks of the insurance contract have not been transferred, the contract is recognized via deposit accounting. The premium minus the company retained reinsurance premium (or fee) is recognized as deposit asset or liability, not profit or loss.

Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company”, the Company deposits reserve for those unauthorized reinsurance ceded businesses according to “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms” on ceded date or balance sheet date and discloses in notes of financial statements.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassifies the property to investment property

When the use of a property changes to investment property, the Company reclassifies the property to investment property based on the carrying amount when the use is changed.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- | | |
|-------------------------------|-------------|
| 1) Buildings | 20-61 years |
| 2) Office and other equipment | 3-9 years |

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications such as lease subject, scope or other lease terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of IT equipment and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of lease income.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets, including computer software and golf membership, that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

The estimated useful lives for current and comparative periods are as follows:

- | | |
|-----------------------|-------------|
| (1) Computer software | 3-12 years |
| (2) Golf membership | 10-12 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Insurance liability

The Company determines reserves for insurance contracts in accordance with the "Regulations Governing the Provision of Various Reserves", "Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance", "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance", and "Regulations for the Reserve of Nuclear Insurance", methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission, Executive Yuan.

The methodologies used to determine the reserves are described as follows:

(i) Unearned premiums reserve:

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

(ii) Claim reserve:

The Company shall determine claim reserve, including case reserve and IBNR, using actuarial approaches, based on the historical experiences for each line of business. The case reserve shall be estimated case by case, based on actual relevant information.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(iii) Special reserve:

Special reserve comprises three parts, catastrophe reserve, risk volatility reserve and travel insurance reserve.

1) Special reserve - catastrophe special reserve

Catastrophe special reserve for each line of business shall be determined based on ratios regulated by the Authority. The portion of the losses over NT\$ 30 million shall be recovered from catastrophe special reserve. Catastrophe special reserve can be released after 15 years based on the mechanism decided by the appointed actuary and filed to the Authority.

From July 1, 2011, reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance can be released after 30 years and recognized in accordance with the “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”

2) Special reserve - risk volatility special reserve

If the actual loss, after deducting catastrophe special reserve, is less than the expected loss, an equalization special reserve shall be recognized at 15% of that difference. From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, for commercial earthquake insurance and typhoon and flood insurance, if the actual claim of the retention, deducted by the balance of the insurance written off by catastrophe special reserve, is lower than the expected claim, then a equalization special reserve shall be provided based on 75% of the difference. The expected claim shall not be less than 60% of the expected rate of loss.

If the actual loss, after deducting the catastrophe special reserve recovered for the line of business, exceeds the expected loss, the amount of that difference shall be recovered from the equalization special reserve. If the equalization special reserve is insufficient to deduct for a specific line of business, it can be released from other line of business. The amount released and the line of business from which shall follow the related regulations. If the cumulative equalization special reserve exceeds 60% of the net earned premium, the equalization special reserve shall be released by that difference. Although accident insurance and health insurance shall be released in accordance with the “Regulations Governing the Provision of Various Reserves” Art. 20.1.(3).

From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, if the equalization special reserve of commercial earthquake insurance exceeds 18 times of the net earned premium, or the equalization special reserve of typhoon and flood insurance exceeds 8 times of the net earned premium, the equalization special reserve shall be released by that difference.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

In addition, according to “Directions Concerning Enhanced Catastrophe Disaster Reserve of Property Insurance” under Jin Guan Bao Cai Zi No. 11101405951, from January 1, 2013, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance” under Jin Guan Bao Cai Zi No. 10102531691, and “Regulations for Insurance Companies Determining Various Reserves of Nuclear Insurance” under Jin Guan Bao Cai Zi No. 10102517091, the Company should first fill the special catastrophe reserve and risk volatility reserve for commercial earthquake insurance and typhoon and flood insurance to maximum amount with the special catastrophe reserve and risk volatility reserve, which was in liability account and was provided before December 31, 2012, in the equity account. The calculation of the maximum amount of the special catastrophe reserve and risk volatility reserve for Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance is to take the net earned premium of 2012 and the average amount of net earned premium from 2008 to 2012, which is higher, as the base. The catastrophe special reserve is calculated by the base amount described above multiply the catastrophe special reserve rate (7%) and cumulative age (30 years), and the maximum amount of risk volatility reserve is calculated by the base amount described above multiply the cumulative multiples (Commercial Earthquake Insurance multiply 18; Typhoon Insurance and Flood Insurance multiply 8).

The deficiency between the amount which was in liability and equity accounts on December 31, 2012 and the maximum amount of the special catastrophe reserve shall be first filled by special reserves of other insurances and then scaled to the risk volatility special reserve of Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance. If there is any reserve left, the amount deducted by income tax calculated based on IAS 12 shall be reclassified to special reserve in equity account.

The amount that is transferred from special reserves of other insurances to catastrophe special reserve under liability accounts shall be released by one thirtieth of the ending balance of liability on January 1, 2013. The recoverable amount described above shall first deduct the amount of losses caused by the event exceed over NT\$ 30 million dollars for the individual company. If the cumulative amount of catastrophe special reserve is lower than the recoverable amount described above before deduction, the excess amount can only be released after the deficiency being filled. In addition, the recoverable amount described above shall be reviewed annually before 2025. If the recoverable amount described above is greater than the released amount of other types of accidents before the implementation of the precautions, the after tax difference shall be transferred to equity account. The difference described above shall be allocated in proportion to the retained premiums of other insurances of current period.

The “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance” shall be followed when determining risk volatility special reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

3) Special reserve – travel insurance special reserve

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 10904939031 dated October 29, 2020, in order to improve the financial structure of the insurance enterprises, the insurance enterprises shall, at the end of each business year, set aside 10% of the total premium income based on the amount of insurance and the number of days of insurance, less 20% of the nominal tax rate, in the special reserve account under owners' equity in accordance with the "Standard Rate Schedule for Personal Travel Insurance Accidental Death and Dismemberment Benefit".

4) Compulsory automobile liability insurance

The special reserve of compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance. The amount calculated by sum of retention of earned premium, withdrawal of claims reserve and special reserve of prior period plus interests deducts retained claim payment and deposit claim reserve, shall be deposited as special reserve. If the former amount is less than the latter amount, the deficiency shall be recovered by the special reserve cumulated in previous periods. If the deficiency still exists, it shall be recorded by memo entries and recovered by the special reserve cumulated in future periods.

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 11004107771 dated February 20, 2021, the insurance enterprises that operate as compulsory automobile liability insurance shall set aside a special reserve from the business expenses received from the operation of such business.

Except for the special reserve of compulsory automobile liability insurance, the provision each year is recognized in special reserve under equity account with the amount deducted by income tax. The amount is calculated based on IAS 12. For the amount which should be written off or reclaimed, the Company writes off and reclaims it via special reserve under equity account with the amount deducted by income tax.

(iv) Premium deficiency reserve

The company shall evaluate the future losses and expenses for the unexpired policies and the policies that have been not terminated. If the expected future losses and expenses exceed the sum of the recognized unearned premium reserve and the expected future premium income, a premium deficiency reserve shall be recognized at the amount of that difference.

(v) Liability adequacy reserve

In accordance with IFRS 4, the Company should assess whether its recognized insurance liabilities are adequate, using current estimates of future cash flows at the end of each reporting period. If that assessment shows that the carrying amount of its insurance liabilities (less related intangible assets) is inadequate, the entire deficiency shall be recognized as a liability adequacy reserve.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Premium income and acquisition costs

Premium income direct business is recognized based on the written policies and endorsement. Since January 1, 2015, sales that are attributable to car insurance recognize revenue. Assumed reinsurance premiums for reinsurance assumed business is recognized when the reinsurance statement arrived. For those statements have not been received, assumed reinsurance premium shall be estimated by a reasonable and systematic method on the balance sheet date. The related acquisition costs (such as: commissions, brokerages, fees, reinsurance commissions and etc.) is recognized in the same period without deferring.

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

Unearned premium reserve for the compulsory auto liability is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

Unearned premium reserve for the Residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premiums reserve for the nuclear insurance is determined in accordance with the Regulations for the Reserve of Nuclear Insurance.

The approaches to determine unearned premiums reserves selected based on the characteristics of the line of business and decided by the actuary (The approaches are not allowed to change without the permission of the Authority.) Unearned premium reserve shall be certified by the appointed actuary.

Income tax, based on Value added and Non value added Business Tax Act, the Stamp Tax Act, and other relevant laws and regulations, related to the premium income shall be recognized on accrual basis.

(r) The cost of insurance claims

Loss for direct business is recognized based on the paid losses for the reported claims. Loss shall be estimated case by case, based on the actual relevant information, and recognized as the net change in reported but unpaid reserve for the claims which have been not yet paid, either have been determined or not been determined by the claim department.

Assumed reinsurance loss for reinsurance assumed business is recognized when the statement is arrival. For those statements have not been received, assumed reinsurance, loss shall be estimated in a reasonable and systematic way and recognized as the net change in loss reserve.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

Unreported loss for direct written business and reinsurance assumed business shall be estimated using actuarial methodologies, based on the historical experience, and recognized as net change in the IBNR.

The loss receivable from the reinsurance companies according to the reinsurance ceded contract shall be recognized as claims recovered from reinsurers if the loss has been paid and recognized as net change in loss reserve if the loss has not been paid.

The loss reserve is not discounted.

The loss reserve for compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

The loss reserve for residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

The loss reserve for nuclear insurance is determined based on the Regulations for the Reserve of Nuclear Insurance.

- (s) Coinsurance organization, coinsurance business and guarantee fund agreement.

The Company signed coinsurance contract of the compulsory automobile liability insurance with all the member companies which approved by the government to operate the compulsory automobile liability coinsurance. It was agreed that all business of compulsory automobile liability insurance should be covered by the coinsurance institution or the Company should pay the penalty and be audited by the auditor of the coinsurance organization. The business of the coinsurance was calculated based on pure premium, and distribute by coinsurance percentage.

- (t) Employee benefits

- (i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

- (ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(v) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(w) Operating segments

Operating segments are units of the Company that engage in operating activities that may earn revenue and incur expenses, including revenue and expenses related to transactions with other units within the Company. The operating results of all operating divisions are reviewed regularly by the Company's chief operating decision maker to make decisions about the allocation of resources to those divisions and to evaluate their performance. Separate financial information is available for each operating segment.

(x) Salvage and subrogation

Salvage legally acquired from the claim procedure for direct written business shall be valued and recognized at its fair value. Subrogation legally acquired shall be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not), and its amount can be reliably measured.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The carrying amount of the liabilities as mentioned below may be affected by accounting estimates and judgment that have the most significant effects on the amounts recognized in the financial statements. The actual results may be influenced by the change of taken accounting estimates and professional judgments with the content has an existing significant difference as follows:

Insurance liability

The Company measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves”.

- (i) Unearned premium reserve is estimated based on the exposure of the unexpired period of each business line. The provision of reserves is determined by actuarial specialists in accordance with of characteristics each business line.
- (ii) Claim reserve is estimated in accordance with the method of a loss triangle. The final claim cost is calculated based on the primary assumptions that are loss development factors and expected claim ratio. The loss development factors and expected claim ratio of each business line are calculated based on historical claim experience and adjusted by Company's policies such as insurance rate and claim management.

The professional judgment used in the above process will affect the amount recognized, including net change in insurance liability and the provision of insurance liability.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 500	332
Petty cash	13,010	13,010
Cash in bank	2,767,653	2,353,282
Bonds purchased under resale agreements	698,023	700,666
Total	<u>\$ 3,479,186</u>	<u>3,067,290</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(b) Receivables and Payables

(i) Receivables

Item	December 31, 2023	December 31, 2022
Notes receivable	\$ 259,364	280,811
Premiums receivable	159,870	185,270
Other receivables	136,753	149,225
Total	<u><u>\$ 555,987</u></u>	<u><u>615,306</u></u>

(ii) Payables

Item	December 31, 2023	December 31, 2022
Commission payable	\$ 196,354	178,341
Due to ceding companies	98,338	42,429
Reinsurance premium payable	484,424	553,943
Reinsurance commission payable	1,207	2,147
Insurance claims payable	10,001	10,083
Other payables	444,267	380,362
Total	<u><u>\$ 1,234,591</u></u>	<u><u>1,167,305</u></u>

(iii) Receivables of insurance contracts

Item	December 31, 2023	December 31, 2022
Notes receivable	\$ 259,513	281,043
Less : Loss allowance	(149)	(232)
Total	<u><u>\$ 259,364</u></u>	<u><u>280,811</u></u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

Item	December 31, 2023	December 31, 2022
Premiums receivable		
Fire insurance	\$ 23,657	28,194
Marine insurance	22,095	25,106
Hull and fishing vessel insurance	3,005	3,634
Other accident insurance	48,600	69,272
Compulsory pure premium	7,503	9,395
Voluntary automobile insurance	5,992	7,816
Compulsory automobile liability insurance	3,599	4,429
Overdue receivables	<u>51,042</u>	<u>41,934</u>
Subtotal	165,493	189,780
Less : Loss allowance	<u>(5,623)</u>	<u>(4,510)</u>
Total	<u>\$ 159,870</u>	<u>185,270</u>

(iv) Other receivables

Item	December 31, 2023	December 31, 2022
Other receivables	\$ 179,679	188,838
Less : Loss allowance	<u>(42,926)</u>	<u>(39,613)</u>
Total	<u>\$ 136,753</u>	<u>149,225</u>

As of December 31, 2023 and 2022, the overdue receivables in notes receivable, premiums receivable and other receivables were \$93,220 and \$80,181, which provisioned the loss allowance \$48,698 and \$44,355, respectively. The movements of the loss allowance for receivables were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 44,355	39,819
Loss recognized	4,343	5,122
Amounts write-off	<u>-</u>	<u>(586)</u>
Ending balance	<u>\$ 48,698</u>	<u>44,355</u>

On August 25, 2022, the Company's Board of Directors has passed a resolution to write off \$496 of notes receivable and \$90 of premiums receivable which are uncollectible.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

The Company's aging analysis of receivables was as follows:

	December 31, 2023	December 31, 2022
Under 90 days	\$ 540,997	606,545
91~270 days	26,266	19,489
More than 271 days	37,422	33,627

The estimate of expected credit losses of the Company's receivables please refer to Note 6(u).

(v) Payables of insurance contracts

Item	December 31, 2023	December 31, 2022
Commission payable	<u>\$ 196,354</u>	<u>178,341</u>

(c) Reinsurance assets

	December 31, 2023	December 31, 2022
Claims recoverable from reinsurers (Note 6(d))	\$ 237,038	242,912
Due from reinsurers and ceding companies — net (Note 6(e))	289,938	402,481
Reinsurance reserve assets (Note 6(n))		
Ceded unearned premiums reserve	1,777,831	1,621,156
Ceded claim reserve	1,885,063	1,927,315
Ceded premium deficiency reserve	12,536	(58,154)
Total	<u>\$ 4,202,406</u>	<u>4,252,018</u>

(d) Claims recoverable from reinsurers

Item	December 31, 2023	December 31, 2022
Fire insurance	\$ 11,676	10,845
Marine insurance	2,335	1,748
Land and air insurance	32	3
Liability insurance	62,906	63,887
Surety insurance	-	67
Other property insurance	98,469	97,598
Accident insurance	8,635	9,227
Health insurance	1,307	2,456
Compulsory automobile liability insurance	51,642	57,057
Overdue receivables	36	24
Less : Loss allowance	-	-
Total	<u>\$ 237,038</u>	<u>242,912</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(e) Due from (to) reinsurers and ceding companies

(i) Receivables of insurance contracts

Item	December 31, 2023	December 31, 2022
Due from ceding companies	\$ 167,833	227,864
Reinsurance premium receivable	58,428	66,208
Reinsurance commission receivable	63,633	76,822
Overdue receivables	<u>14,495</u>	<u>31,587</u>
Subtotal	304,389	402,481
Less : Loss allowance	<u>(14,451)</u>	<u>-</u>
Total	<u>\$ 289,938</u>	<u>402,481</u>

The movements of the loss allowance for receivables of insurance contracts were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	-
Loss recognized	<u>14,451</u>	<u>-</u>
Ending balance	<u>\$ 14,451</u>	<u>-</u>

(ii) Payables of insurance contracts

Item	December 31, 2023	December 31, 2022
Due to ceding companies	\$ 98,338	42,429
Reinsurance premium payable	484,424	553,943
Reinsurance commission payable	<u>1,207</u>	<u>2,147</u>
Total	<u>\$ 583,969</u>	<u>598,519</u>

(f) Financial assets

(i) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ 213,233	23,876
Real estate investment trust beneficiary certificate	321,109	341,911
Domestic listed stocks and OTC stocks	<u>1,187,177</u>	<u>436,690</u>
Total	<u>\$ 1,721,519</u>	<u>802,477</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the years ended December 31, 2023 and 2022 will increase \$17,215 and \$8,025, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(ii) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks and OTC stocks	\$ 2,336,417	2,125,500
Domestic unlisted stocks	14,658	15,176
Total	<u>\$ 2,351,075</u>	<u>2,140,676</u>

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represented those investments that the Company intended to hold not for trading purposes.

During the years then ended December 31, 2023 and 2022, the dividends of \$90,790 and \$91,618, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$0 and \$3,360, respectively, related to the investments derecognized during the years then ended December 31, 2023 and 2022 were recognized.

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
Fair value	<u>\$ -</u>	<u>60,331</u>
Cumulative gain on disposal	<u>\$ -</u>	<u>481</u>

The cumulative gain on disposal above had been transferred from other equity to retained earning.

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the years ended December 31, 2023 and 2022 will increase \$23,511 and \$21,407, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(iii) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Government bonds	\$ 614,701	915,046
Financial bonds	1,300,000	1,300,000
Corporate bonds	1,050,000	950,000
Subtotal	2,964,701	3,165,046
Less: Security deposits	(397,621)	(430,092)
Loss allowance	(4,582)	(1,106)
Total	<u>\$ 2,562,498</u>	<u>2,733,848</u>

- 1) The Company assessed financial assets that are held to maturity in order to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Therefore, these financial assets were classified as measured at amortized cost.
- 2) Please refer to Note 6(u) for further information of credit risk and the movement in the loss allowance of financial assets measured at amortized cost.
- 3) The Company's financial assets measured at amortized cost had been pledged partially, please refer to Note 8.
- 4) The Company assessed the impairment of financial asset for the years ended December 31, 2023 and 2022, the amounts of the expected credit loss recognized were as follows:

	For the years ended December 31, 2023	2022
Beginning balance	\$ 1,106	654
Loss recognized	3,476	452
Ending balance	<u>\$ 4,582</u>	<u>1,106</u>

(iv) Other financial assets, net:

	December 31, 2023	December 31, 2022
Time deposits — initial maturity date over than three months	\$ 1,919,700	1,789,875
Less: Security deposits	(47,000)	(167,000)
Total	<u>\$ 1,872,700</u>	<u>1,622,875</u>

The Company's time deposits were provided as pledged assets and were reclassified to refundable deposits, please refer to Note 8 for further information.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(v) Capital outsourcing information

As of December 31, 2023 and 2022, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information were as follows:

	December 31, 2023	December 31, 2022
Investment	Amount	Amount
Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	<u>\$ 1,700,000</u>	<u>1,500,000</u>

The investment project was mentioned above, and the carrying amount as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 658,937	760,956
Financial assets at fair value through profit or loss - stocks	1,060,528	411,522
Total	<u>\$ 1,719,465</u>	<u>1,172,478</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land and improvement	Buildings and construction	Total
Cost or deemed cost:			
Balance at January 1, 2023	\$ 727,887	217,104	944,991
Additions	194,546	8,085	202,631
Reclassification to property, plant and equipment	(1,604)	(712)	(2,316)
Balance at December 31, 2023	<u>\$ 920,829</u>	<u>224,477</u>	<u>1,145,306</u>
Balance at December 31, 2022 (Same as January 1, 2022)	<u>\$ 727,887</u>	<u>217,104</u>	<u>944,991</u>
Accumulated depreciation and impairment loss			
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	-	4,861	4,861
Reclassification to property, plant and equipment	-	(360)	(360)
Balance at December 31, 2023	<u>\$ 2,359</u>	<u>95,438</u>	<u>97,797</u>
Balance at January 1, 2022	\$ 2,359	86,124	88,483
Depreciation	-	4,813	4,813
Balance at December 31, 2022	<u>\$ 2,359</u>	<u>90,937</u>	<u>93,296</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

	Land and improvement	Buildings and construction	Total
Carrying amount:			
December 31, 2023	<u>\$ 918,470</u>	<u>129,039</u>	<u>1,047,509</u>
December 31, 2022	<u>\$ 725,528</u>	<u>126,167</u>	<u>851,695</u>
Fair value:			
December 31, 2023			<u>\$ 2,058,304</u>
December 31, 2022			<u>\$ 1,568,918</u>

On December 31, 2023 and 2022, the assessment of fair value of investment property mainly referred to the market trade.

As of December 31, 2023 and 2022, the Company's investment property had not been pledged as collateral.

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and construction	Computer equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
Cost:							
Balance at January 1, 2023	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	4,410	10,403	5,464	-	2,617	926	23,820
Reclassification from investment property	1,604	712	-	-	-	-	2,316
Scrap	-	-	(5,800)	-	(2,522)	-	(8,322)
Balance at December 31, 2023	<u>951,838</u>	<u>529,263</u>	<u>191,948</u>	<u>579</u>	<u>56,092</u>	<u>2,930</u>	<u>1,732,650</u>
Balance at January 1, 2022	915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	30,233	19,089	9,429	-	3,442	-	62,193
Scrap	-	-	(7,785)	-	(1,753)	-	(9,538)
Balance at December 31, 2022	<u>945,824</u>	<u>518,148</u>	<u>192,284</u>	<u>579</u>	<u>55,997</u>	<u>2,004</u>	<u>1,714,836</u>
Accumulated depreciation and impairment loss:							
Balance at January 1, 2023	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	15,050	11,340	-	3,942	348	30,680
Reclassification from investment property	-	360	-	-	-	-	360
Scrap	-	-	(5,800)	-	(2,522)	-	(8,322)
Balance at December 31, 2023	<u>15,196</u>	<u>201,268</u>	<u>176,952</u>	<u>579</u>	<u>49,169</u>	<u>2,122</u>	<u>445,286</u>
Balance at January 1, 2022	15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	14,806	12,646	-	4,076	458	31,986
Scrap	-	-	(7,785)	-	(1,753)	-	(9,538)
Balance at December 31, 2022	<u>15,196</u>	<u>185,858</u>	<u>171,412</u>	<u>579</u>	<u>47,749</u>	<u>1,774</u>	<u>422,568</u>
Carrying amount:							
December 31, 2023	<u>\$ 936,642</u>	<u>327,995</u>	<u>14,996</u>	<u>-</u>	<u>6,923</u>	<u>808</u>	<u>1,287,364</u>
December 31, 2022	<u>\$ 930,628</u>	<u>332,290</u>	<u>20,872</u>	<u>-</u>	<u>8,248</u>	<u>230</u>	<u>1,292,268</u>

As of December 31, 2023 and 2022, the Company's property, plant and equipment had not been pledged as collateral.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(i) Right-of-use assets

The changes in the Company's costs and depreciation of leasing buildings and construction, transportation equipment were as follows:

	Buildings and construction	Transportation equipment	Total
Cost of right-of-use assets:			
January 1, 2023	\$ 25,844	9,088	34,932
Additions	22,185	814	22,999
Derecognition	(21,832)	-	(21,832)
December 31, 2023	\$ 26,197	9,902	36,099
January 1, 2022	\$ 27,381	4,435	31,816
Additions	5,918	4,653	10,571
Derecognition	(7,455)	-	(7,455)
December 31, 2022	\$ 25,844	9,088	34,932
Depreciation of right-of-use assets:			
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	13,896	2,516	16,412
Derecognition	(21,182)	-	(21,182)
December 31, 2023	\$ 11,767	6,599	18,366
January 1, 2022	\$ 12,884	805	13,689
Depreciation	13,463	3,278	16,741
Derecognition	(7,294)	-	(7,294)
December 31, 2022	\$ 19,053	4,083	23,136
Carrying amount:			
December 31, 2023	\$ 14,430	3,303	17,733
December 31, 2022	\$ 6,791	5,005	11,796

(j) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 13,700	8,123
Between one and five years	4,229	3,808
Total	\$ 17,929	11,931

The maturity analysis please refer to Note 6(u) financial instruments.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$ 450	358

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ 16,810	17,093

(i) Leases of buildings and construction

The Company leases buildings and construction as offices with usual lease terms of 1 to 5 years.

(ii) Other leases

The Company leases transportation equipment with lease terms of 1 to 3 years.

(k) Operating lease

Leases as lessor

The Company leases out its investment properties (please refer to Note 6(g)). The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2023	December 31, 2022
Within a year	\$ 39,611	38,245
One to five years	114,905	130,114
More than five years	97,566	118,063
	\$ 252,082	286,422

Rental incomes from investment properties were \$43,287 and \$34,985 for 2023 and 2022, respectively.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ (473,553)	(497,455)
Fair value of plan assets	374,737	387,342
Net defined benefit (liabilities) assets	\$ (98,816)	(110,113)

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$374,737 and \$387,342 as of December 31, 2023 and 2022, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for Company were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation at January 1	\$ 497,455	533,535
Current serviced costs and interest cost	12,323	10,620
Remeasurements of net defined benefit liabilities		
— Actuarial gains or losses arising from changes of demographic assumptions	(77)	-
— Actuarial gains or losses arising from changes of financial assumptions	-	(24,734)
— Actuarial gains or losses arising from experience adjustments	(3,637)	(1,271)
Benefits paid by the plan	(32,511)	(20,695)
Defined benefit obligation at December 31	<u>\$ 473,553</u>	<u>497,455</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets at January 1	\$ 387,342	354,458
Interest income	4,648	2,482
Remeasurements of net defined benefit liabilities		
— Expected return on plan assets (excluding current interest)	3,533	27,927
Contribution made to the plan	11,725	23,170
Benefit paid by the plan	(32,511)	(20,695)
Fair value of plan assets at December 31	<u>\$ 374,737</u>	<u>387,342</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Current service cost	\$ 6,354	6,885
Net interest of net liabilities (assets) for defined benefit obligations	1,321	1,253
	<u>\$ 7,675</u>	<u>8,138</u>

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	For the years ended December 31,	
	2023	2022
Accumulated amount at January 1	\$ 151,449	205,381
Recognized during the period	(7,247)	(53,932)
Accumulated amount at December 31	<u>\$ 144,202</u>	<u>151,449</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%	1.20%
Expected return on planned assets	1.20%	1.20%
Future salary increases	1.50%	1.50%

The expected allocation payment to be made by the Company to the defined benefit plans for the one year period after the reporting date is \$7,435. The weighted average lifetime of the defined benefits plans is 5 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows

	Effects to Defined Benefit Obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (change 0.5%)	\$ 21,318	4,030
Future salary increases(change 0.5%)	21,128	4,038
December 31, 2022		
Discount rate (change 0.5%)	24,734	5,688
Future salary increases (change 0.5%)	24,517	5,699

The sensitivity analysis presented above is based on the condition that other variables are unchanged. In practice, the changes of many assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$34,819 and \$33,397 for the years ended December 31, 2023 and 2022, respectively.

(m) Remunerations to employees and directors

In accordance with the Articles of Incorporation, once the Company has annual profit, it should appropriate 1% ~ 5% of the profit to its employees and no more than 5% to its directors as remunerations. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the Company estimated its employees remuneration amounting to \$2,000 and \$0, and remunerations to directors all amounting to \$0. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remunerations to employees and directors of each period, and after deducting accumulated losses, then multiplied by the percentage of remunerations to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amount, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The amounts of remunerations to employees and directors of the Company in 2023 and 2022 were \$0, \$28,500 and \$0, \$6,500, respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(n) Insurance liability

	December 31, 2023	December 31, 2022
Unearned premium reserve	\$ 6,300,340	5,908,746
Claims reserve	5,009,156	4,827,175
Special reserve	974,014	934,009
Premium deficiency reserve	14,088	454,191
Total	<u>\$ 12,297,598</u>	<u>12,124,121</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

December 31, 2023				
Item	Unearned premium reserve		Ceded unearned premium reserve	Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out	
Fire insurance	\$ 863,987	35,331	500,614	398,704
Marine insurance	78,080	915	65,124	13,871
Land and air insurance	50,143	-	40,900	9,243
Liability insurance	1,727,596	28,990	249,633	1,506,953
Surety insurance	11,221	555	6,053	5,723
Other property insurance	2,563,724	45,116	670,213	1,938,627
Accident insurance	360,766	3,769	30,994	333,541
Health insurance	11,127	-	1,949	9,178
Compulsory automobile liability insurance	353,893	165,127	212,351	306,669
Total	<u>\$ 6,020,537</u>	<u>279,803</u>	<u>1,777,831</u>	<u>4,522,509</u>

December 31, 2022				
Item	Unearned premium reserve		Ceded unearned premium reserve	Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out	
Fire insurance	\$ 734,153	36,116	400,092	370,177
Marine insurance	85,362	1,270	75,532	11,100
Land and air insurance	44,819	579	35,187	10,211
Liability insurance	1,657,155	67,276	279,657	1,444,774
Surety insurance	9,196	570	5,134	4,632
Other property insurance	2,274,182	30,478	572,274	1,732,386
Accident insurance	413,984	3,610	29,470	388,124
Health insurance	21,784	-	6,220	15,564
Compulsory automobile liability insurance	362,630	165,582	217,590	310,622
Total	<u>\$ 5,603,265</u>	<u>305,481</u>	<u>1,621,156</u>	<u>4,287,590</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- 2) The Net change in reserve for unearned premiums and reserve for ceded unearned premiums

For the years ended December 31, 2023													
	Premium	Reinsurance	Reinsurance	Retained	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium	Retained earned
Items	revenue	premium	expense	Premium	Provision	Recovery	Provision	Recovery	reserve	Provision	Recovery	reserve	premium
Compulsory insurance	\$ 947,041	300,123	398,011	849,153	353,893	362,630	165,127	165,582	(9,192)	212,351	217,590	(5,239)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	5,666,644	5,238,726	114,676	139,899	402,695	1,565,480	1,403,566	161,914	8,112,451
Total	<u>\$ 12,280,790</u>	<u>455,275</u>	<u>3,533,680</u>	<u>9,202,385</u>	<u>6,020,537</u>	<u>5,601,356</u>	<u>279,803</u>	<u>305,481</u>	<u>393,503</u>	<u>1,777,831</u>	<u>1,621,156</u>	<u>156,675</u>	<u>8,965,557</u>

For the years ended December 31, 2022													
	Premium	Reinsurance	Reinsurance	Retained	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium	Retained earned
Items	revenue	premium	expenses	Premium	Provision	Recovery	Provision	Recovery	reserve	Provision	Recovery	reserve	premium
Compulsory insurance	\$ 964,711	301,305	407,152	858,864	362,630	366,445	165,582	165,105	(3,338)	217,590	219,878	(2,288)	859,914
Non-compulsory insurance	10,045,654	128,123	2,584,255	7,589,522	5,240,635	5,113,908	139,899	212,147	54,479	1,403,566	1,523,079	(119,513)	7,415,530
Total	<u>\$ 11,010,365</u>	<u>429,428</u>	<u>2,991,407</u>	<u>8,448,386</u>	<u>5,603,265</u>	<u>5,480,353</u>	<u>305,481</u>	<u>377,252</u>	<u>51,141</u>	<u>1,621,156</u>	<u>1,742,957</u>	<u>(121,801)</u>	<u>8,275,444</u>

- 3) The movements in unearned premium reserve and ceded unearned premium reserve were as follows:

For the years ended December 31, 2023		
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,300,340	1,777,831
Recovery	(5,908,746)	(1,621,156)
Ending balance	<u>\$ 6,300,340</u>	<u>1,777,831</u>

For the years ended December 31, 2022		
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,859,977	1,742,957
Provision	5,908,746	1,621,156
Recovery	(5,859,977)	(1,742,957)
Ending balance	<u>\$ 5,908,746</u>	<u>1,621,156</u>

The provision methods of unearned premium reserve are determined by an actuary according to the characteristics of each insurance and are stated in the instruction of insurance commodity calculation and shall not be changed without the approval of the competent authority. The Company has submitted the provision method of unearned premium reserve on Letter (Wang) Zong Jing Suan No. 1112 on October 24, 2011 and had been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 10002518120.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

On October 9, 2014, the Company signed a specific business transferring contract with Asia Insurance Company Ltd. Taiwan Branch and accepted its long term fire insurance contracts on the delivery date, which was December 15, 2014. The Company undertook the amount of \$3,916 unearned premium reserve and charged \$3,648 to Asia Insurance Company Ltd. Taiwan Branch. According to IFRS 4 "Insurance Contract" that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$268 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

On December 7, 2012, the Company signed a special business transferring contract with Walsun Insurance Ltd. and accepted its direct business of four types of insurance contracts on January 10, 2013: long term residential fire insurance contracts, employer's accidental liability insurance contracts, contractor's liability insurance contracts, and architect's professional liability insurance contracts. The Company undertook the amount of \$232,939 unearned premium reserve and requested for a grant of \$67,451 from the Insurance and Security Fund of the Corporation. According to IFRS 4 "Insurance Contract" that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$165,488 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

As of December 31, 2023 and 2022, the relevant unearned premium reserve from the business transfer and intangible assets were \$12,891 and \$9,047 and \$15,606 and \$10,956, respectively.

(ii) Special reserve

1) Segmentation of specific assets

The Company is engaged in business of compulsory automobile liability insurance (hereinafter referred to as "this insurance") accounting to this insurance's relevant accounting of Compulsory Automobile Liability Insurance Law.

This insurance of special reserve provision obeys "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" Article 5 that is to the insurer shall purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- a) Government bonds, not including exchangeable government bonds.
- b) Financial bonds, negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

The amount of treasury bills purchased or time deposits placed in a financial institution under the preceding paragraph shall not be less than 30 percent of the total amount of the insurer's retained earned pure premiums for this Insurance in the most recent period, as audited or reviewed by a certified public accountant. The competent authority may raise that percentage to a level it deems appropriate based on the insurer's operational status.

If the balance of special reserve is less than 30 percent of the total amount of the retained earned pure premiums for this insurance in the most recent period, as audited or reviewed by a certified public accountant, then the full amount of its special reserve shall be deposited in a financial institution as a time deposit or treasury bills.

According to Article 6 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", funds (all types of reserves, payables, temporary credits and amounts to be carried forward) held by an insurer for this Insurance shall be deposited in a financial institution in the form of demand deposits and time deposits, provided that with the approval of the competent authority, an insurer may purchase any of the following domestic securities:

- a) Treasury bills.
- b) Negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds in a repo transaction.

The amount of deposits deposited in financial institutions under the first paragraph shall not be less than 45 percent of the balance remaining after subtracting the amount of special reserves from the amount of funds held by the insurer due to the operation of this Insurance, or less than 30 percent of the retained earned pure premium for the most recent period as audited or reviewed by a certified public accountant. The competent authority may raise the percentage of deposits required by the insurer to a level it deems appropriate based on the insurer's operational status.

If the total amount of unearned premium reserve and loss reserve of the insurer with respect to this Insurance is less than 30 percent of the retained earned pure premiums of this Insurance for the most recent period as audited or reviewed by a certified public accountant, the funds held by the insurer through its conduct of this Insurance shall be deposited in full with a financial institution in the form of deposits.

Accounting Article 11 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", when an insurer suspends business operations or terminates its operation of this Insurance, the various reserves for this Insurance shall be transferred into the various reserves set aside for handling of this Insurance by the other insurer that assumes the business.

When an insurer has been duly ordered to suspend business and undergo rehabilitation, ordered to dissolve, or its permission to operate this Insurance business has been revoked, and no other insurer is to assume this Insurance business, and there is no outstanding liability under this Insurance, and the balance of the special reserve is positive, the assets corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 11004107771 dated February 20, 2021, the insurance company that operates as compulsory automobile liability insurance shall set aside a special reserve from the business expenses received from the operation of such business.

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 10904939031 dated October 29, 2020, in order to improve the financial structure of the insurance enterprises, the insurance enterprises shall, at the end of each business year, set aside 10% of the total premium income based on the amount of insurance and the number of days of insurance, less 20% of the nominal tax rate, in a special reserve account under owners' equity in accordance with the "Standard Rate Schedule for Personal Travel-Insurance Accidental Death and Dismemberment Benefit".

Special reserve – Compulsory Automobile Liability Insurance

Item	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 90,188	17,943
Provision	45,071	72,245
Ending balance	<u>\$ 135,259</u>	<u>90,188</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

For the years ended December 31, 2023							
Item	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 101,480	738,185	839,665	884,765	1,841,170	10,314	2,736,249
Provision	-	-	-	107,423	241,925	12,261	361,609
Recovery	(5,066)	-	(5,066)	-	(17,021)	-	(17,021)
Ending balance	<u>\$ 96,414</u>	<u>738,185</u>	<u>834,599</u>	<u>992,188</u>	<u>2,066,074</u>	<u>22,575</u>	<u>3,080,837</u>

For the years ended December 31, 2022							
Item	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 106,545	1,038,185	1,144,730	790,535	1,650,413	4,289	2,445,237
Provision	-	-	-	94,230	213,220	6,025	313,475
Recovery	(5,065)	(300,000)	(305,065)	-	(22,463)	-	(22,463)
Ending balance	<u>\$ 101,480</u>	<u>738,185</u>	<u>839,665</u>	<u>884,765</u>	<u>1,841,170</u>	<u>10,314</u>	<u>2,736,249</u>

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the years ended December 31, 2023 and 2022.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Special reserve -Other

In 2013, the determination of cost of real estate and equipment based on the International Financial Reporting Standards No. 1 that approved by the Financial Supervisory Committee, the Company chose the exemption that the revaluation reserve of land and buildings according to the Generally Accepted Accounting Principles of the Republic of China transferred to retained earnings. However, according to the standard of the Preparation of Financial Reports by Insurance Enterprises, the revaluation reserve that estimated by the cash flow discount approach via contractual rent of the investment real estate target as the upper limit adjustment to define the cost and the value added part. Then, to fill the unrecognized pension loss, the unrecognized transition net payment obligation, the increase on defined benefit obligation based on the change of actuarial assumptions, and the employee's paid leave liability, those adjustment increased the special increase of \$4,156.

(iii) Claims reserve

- 1) Liabilities for claims are to be paid, reported but unpaid and incurred but not reported (IBNR).

December 31, 2023				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	875,130	122,821	997,951
Marine insurance	-	105,349	64,417	169,766
Land and air insurance	-	38,142	18,412	56,554
Liability insurance	3,202	1,255,622	393,882	1,649,504
Surety insurance	1	18,631	5,899	24,530
Other property insurance	5,768	913,895	102,083	1,015,978
Accident insurance	518	78,697	206,307	285,004
Health insurance	100	1,844	18,526	20,370
Compulsory automobile liability insurance	412	196,860	592,639	789,499
Total	<u>\$ 10,001</u>	<u>3,484,170</u>	<u>1,524,986</u>	<u>5,009,156</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

December 31, 2022				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,050,151	85,582	1,135,733
Marine insurance	-	171,781	63,146	234,927
Land and air insurance	-	47,066	17,195	64,261
Liability insurance	1,962	1,083,438	284,306	1,367,744
Surety insurance	1	19,067	5,644	24,711
Other property insurance	5,991	862,701	69,166	931,867
Accident insurance	466	58,073	159,537	217,610
Health insurance	115	19,198	90,688	109,886
Compulsory automobile liability insurance	1,548	190,174	550,262	740,436
Total	<u>\$ 10,083</u>	<u>3,501,649</u>	<u>1,325,526</u>	<u>4,827,175</u>

- 2) Reinsurance assets - the insurance ceded business for the policy holders with reported but unpaid or unreported claims

December 31, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 596,868	41,469	638,337
Marine insurance	76,739	44,224	120,963
Land and air insurance	32,245	13,016	45,261
Liability insurance	178,412	63,305	241,717
Surety insurance	8,182	1,841	10,023
Other property insurance	409,765	27,207	436,972
Accident insurance	11,372	45,096	56,468
Health insurance	247	2,917	3,164
Compulsory automobile liability insurance	71,856	260,327	332,183
Less: Accumulated impairment	(25)	-	(25)
Total	<u>\$ 1,385,661</u>	<u>499,402</u>	<u>1,885,063</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

December 31, 2022			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 727,511	26,969	754,480
Marine insurance	137,007	45,419	182,426
Land and air insurance	40,630	12,504	53,134
Liability insurance	166,770	41,329	208,099
Surety insurance	8,386	1,687	10,073
Other property insurance	358,640	11,962	370,602
Accident insurance	9,390	30,814	40,204
Health insurance	214	3,118	3,332
Compulsory automobile liability insurance	70,136	234,829	304,965
Total	<u>\$ 1,518,684</u>	<u>408,631</u>	<u>1,927,315</u>

3) The net change of claims reserve and ceded claims reserve

For the years ended December 31, 2023								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 963,732	1,114,837	34,219	20,896	(137,782)	638,337	754,480	(116,143)
Marine insurance	164,660	231,149	5,106	3,778	(65,161)	120,963	182,426	(61,463)
Land and air insurance	54,037	61,699	2,517	2,562	(7,707)	45,261	53,134	(7,873)
Liability insurance	1,621,996	1,356,466	27,508	11,278	281,760	241,717	208,099	33,618
Surety insurance	22,545	23,170	1,985	1,541	(181)	10,023	10,073	(50)
Other property insurance	995,445	926,234	20,533	5,633	84,111	436,972	370,602	66,370
Accident insurance	269,620	213,759	15,384	3,851	67,394	56,468	40,204	16,264
Health insurance	18,169	107,469	2,201	2,417	(89,516)	3,164	3,332	(168)
Compulsory automobile liability insurance	555,767	508,369	233,732	232,067	49,063	332,183	304,965	27,218
Total	<u>\$ 4,665,971</u>	<u>4,543,152</u>	<u>343,185</u>	<u>284,023</u>	<u>181,981</u>	<u>1,885,088</u>	<u>1,927,315</u>	<u>(42,227)</u>

For the years ended December 31, 2022								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 1,114,837	636,718	20,896	17,377	481,638	754,480	497,495	256,985
Marine insurance	231,149	160,068	3,778	4,233	70,626	182,426	135,972	46,454
Land and air insurance	61,699	91,293	2,562	2,444	(29,476)	53,134	78,311	(25,177)
Liability insurance	1,356,466	1,236,198	11,278	10,609	120,937	208,099	228,122	(20,023)
Surety insurance	23,170	22,318	1,541	1,402	991	10,073	10,027	46
Other property insurance	926,234	723,902	5,633	3,067	204,898	370,602	290,810	79,792
Accident insurance	213,759	260,828	3,851	5,457	(48,675)	40,204	77,699	(37,495)
Health insurance	107,469	5,515	2,417	-	104,371	3,332	1,151	2,181
Compulsory automobile liability insurance	508,369	506,341	232,067	243,898	(9,803)	304,965	303,805	1,160
Total	<u>\$ 4,543,152</u>	<u>3,643,181</u>	<u>284,023</u>	<u>288,487</u>	<u>895,507</u>	<u>1,927,315</u>	<u>1,623,392</u>	<u>303,923</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

4) The movements in claims reserve and ceded claims reserve

Item	For the years ended December 31,			
	2023		2022	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 4,827,175	1,927,315	3,931,668	1,623,392
Provision	5,009,156	1,885,088	4,827,175	1,927,315
Recovery	(4,827,175)	(1,927,315)	(3,931,668)	(1,623,392)
Impairment loss reversed(recognized)	-	(25)	-	-
Ending balance	<u>\$ 5,009,156</u>	<u>1,885,063</u>	<u>4,827,175</u>	<u>1,927,315</u>

The methodology for providing claims reserve is decided by actuaries and reported to the Authority. If there is any change, it should adopt the same procedures as fore mentioned. The Company submitted the method of claims reserve provision in the letter of (Wang) Zong Qi Zi No. 1920 on December 23, 2009, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 09802245610. The relevant provision methods is explained as follows:

- 1) Regarding to the claims reserve for reported but not paid, it should be estimated based on actual situation by each case.
- 2) Regarding to the claims reserve for IBNR, it should be estimated based on the experience of claim loss development of each type insurance by actuary methodology.

(iv) Premium deficiency reserve

- 1) Premium deficiency reserve and ceded premium deficiency reserve

Item	December 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire Insurance	\$ 12,183	353	12,536	-
Marine insurance	1,552	-	-	1,552
Total	<u>\$ 13,735</u>	<u>353</u>	<u>12,536</u>	<u>1,552</u>

Item	December 31, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire insurance	\$ 57,717	1,551	57,390	1,878
Marine insurance	1,146	-	-	1,146
Health insurance	393,777	-	764	393,013
Total	<u>\$ 452,640</u>	<u>1,551</u>	<u>58,154</u>	<u>396,037</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) The net change in premium deficiency reserve and ceded premium deficiency reserve

For the three months ended December 31, 2023									
Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover	deficiency	Provision	Recover	deficiency	reserve
Fire insurance	\$ 12,183	57,717	353	1,551	(46,732)	12,536	57,390	(44,854)	(1,878)
Marine insurance	1,552	1,146	-	-	406	-	-	-	406
Health insurance	-	393,777	-	-	(393,777)	-	764	(764)	(393,013)
Total	<u>\$ 13,735</u>	<u>452,640</u>	<u>353</u>	<u>1,551</u>	<u>(440,103)</u>	<u>12,536</u>	<u>58,154</u>	<u>(45,618)</u>	<u>(394,485)</u>

For the years ended December 31, 2022									
Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover	deficiency	Provision	Recover	deficiency	reserve
Fire insurance	\$ 57,717	-	1,551	-	59,268	57,390	-	57,390	1,878
Marine insurance	1,146	-	-	-	1,146	-	-	-	1,146
Health insurance	393,777	-	-	-	393,777	764	-	764	393,013
Total	<u>\$ 452,640</u>	<u>-</u>	<u>1,551</u>	<u>-</u>	<u>454,191</u>	<u>58,154</u>	<u>-</u>	<u>58,154</u>	<u>396,037</u>

3) The movements in premium deficiency reserve and ceded premium deficiency reserve

December 31, 2023		
Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	14,088	12,536
Recovery	(454,191)	(58,154)
Ending balance	<u>\$ 14,088</u>	<u>12,536</u>

For the years ended December 31, 2022		
Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ -	-
Provision	454,191	58,154
Recovery	-	-
Ending balance	<u>\$ 454,191</u>	<u>58,154</u>

The methodology for premium deficiency reserve provision is decided by actuaries and shall report to the Authority, same as afterward change. The Company reported the methodology for premium deficiency reserve provision on February 16, 2012 in the letter of (Wang) Zong Jing Suan No.0005, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. No.10102503930.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(o) Income tax

The components of the Company's income tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current period	\$ 109,263	-
Adjustments for prior periods	-	(422)
Current income tax expenses(profits)	\$ 109,263	(422)

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Profit excluding income tax	\$ 1,309,609	(1,322,629)
Income tax using the Company's domestic tax rate	261,922	(264,526)
Adjustment items:		
Tax-exempt income	(58,298)	40,877
Current-year losses for which no deferred tax assets was recognized	-	136,096
Change in unrecognized temporary differences	-	5,903
Usage of tax loss carry-forward	(112,230)	-
Prior income tax (over) under estimated	-	(422)
Others	17,869	81,650
Income tax expenses (profits)	\$ 109,263	(422)

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ -	136,096
Actuarial losses of defined benefit plans	28,840	30,290
Unrecognized deferred tax assets	\$ 28,840	166,386

The Company's tax returns for the year through 2021 were assessed by the Taipei National Tax Administration tax authorities.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Unrecognized deferred tax liabilities

	December 31, 2023	December 31, 2022
Land value-added tax	<u>\$ 63,920</u>	<u>63,920</u>

(p) Capital and other equity

(i) Share capital

As of December 31, 2023 and 2022, the number of authorized ordinary shares were all \$6,236,320 with par value of \$10 per share, i.e. 623,632 thousand shares. The issued shares were both 223,608 thousand shares of common stock.

(ii) Retained earnings

1) Legal reserve

According to the Company Act, the Company is able to issue new stock or cash dividend from legal reserve if there is no deficit as long as the legal reserve is over 25% of the paid in capital.

2) Special reserve

Based on Financial Supervisory Commission Jin Guan Bao Cai Zi No.10102508861 on June 5, 2012, when the Company distributes retained surplus that transferred from the special reserve of unrealized revaluation increment \$12,143, it should be accounted a decrease in other equity, with the same amount of the prior years' inappropriate retained earning provision being equal to current year's net income. The amount of decrease in other equity belonged to the prior accumulation, the same amount of special reserve should be not appropriated. However, the Company's has provisioned the special reserve based on former standard, the difference between the provision amount and the decrease in other equity has been provision special reserve. Then, if a reversal of shareholders' equity contra account occurs, the reversed portion of the special reserve could be distributed as dividends.

According to the letter from the Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10502066464 on July 13, 2016. The insurance industry should allocate a special surplus reserve from 0.5% to 1% of the net profit after tax when the 2016-2018 fiscal year surplus is distributed. Moreover, since 2017, the expense of employee transferring training, transferring occupation, and settle down during the development of financial technology should be reversal. As of December 31, 2023 and 2022 the special reserve distributed by the Company in accordance with the regulations were \$1,172 and \$2,145, respectively.

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3) Undistributed retained earnings appropriated

Under the Company's Article of Incorporation, the Company's net income after deduction of income tax and losses (if any) and offset the prior years' deficits, should be provisioned 20% of remaining amount as legal reserve, except the legal reserve is equal to the capital. In addition to any remaining profit together with any undistributed retained earnings shall be distributed based on the Company considering the operating need and legal requirement to provision special reserve, the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The remuneration of non-executive director in the Company is authorized to the board's meeting to set rational remuneration, and do not attend the earning distribution. The Company belongs to property and casualty insurance, the enterprise development should cooperate with the Government's policy and risk based capital, the ability of underwriting and solvency have to be stronger. The Company's earning distribution policy has to consider the current and future investment environment, capital requirement, market competition situation and budget, etc., with the benefit of shareholders, balancing dividend and long term financial plan, etc. and then the earning distribution that the board's meeting set will provide to the shareholder's meeting. The earning distribution should be in form of cash or stock dividend to distribute, in addition to the amount of cash dividend should not be lower than 10% of stock dividend. However, the amount of par cash dividend is lower than \$0.1, the dividend should use the form of stock dividend to distribute.

The amount of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on March 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2021	
	Allotment per share (NT dollars)	Total Amount
Dividends distributed to ordinary shareholders :		
Cash	\$ 1.00	<u>223,608</u>

The relevant information about distribution of retained earnings under the consent of the shareholders' meeting, can be obtained on the website of Market Observation Post System.

The shareholder's meeting passed the loss make-up proposal for 2022 on June 7, 2023.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(q) Earnings (loss) per share

The calculation of basic (loss) earnings per share and diluted (loss) earnings per share were shown as follows:

	For the years ended December 31,	
	2023	2022
Net (loss) income attributable to ordinary shareholders of the Company	<u>\$ 1,200,346</u>	<u>(1,322,207)</u>
Weighted average number of ordinary shares (thousands shares)	<u>223,608</u>	<u>223,608</u>
Basic earnings (loss) per share (NT dollars)	<u>\$ 5.37</u>	<u>(5.91)</u>
Diluted earnings (loss) per share		
Net (loss) income attributable to ordinary shareholders of the Company	<u>1,200,346</u>	<u>(1,322,207)</u>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608
Employee share options	53	-
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	<u>223,661</u>	<u>223,608</u>
Diluted (loss) earnings per share (NT dollars)	<u>\$ 5.37</u>	<u>(5.91)</u>

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	For the years ended December 31, 2023					
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 170,147	-	-	1,036	-	171,183
Marine insurance	24,574	-	-	219	-	24,793
Land and air insurance	8,644	-	-	31	-	8,675
Liability insurance	620,250	-	-	3,436	-	623,686
Surety insurance	3,565	-	-	2	-	3,567
Other property insurance	694,646	-	-	12,208	-	706,854
Accident insurance	242,151	-	-	151	-	242,302
Health insurance	25,174	-	-	-	-	25,174
Compulsory automobile liability insurance	124,717	-	-	-	-	124,717
Total	<u>\$ 1,913,868</u>	<u>-</u>	<u>-</u>	<u>17,083</u>	<u>-</u>	<u>1,930,951</u>

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UNION INSURANCE CO., LTD.

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For the years ended December 31, 2022

Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 131,566	-	-	1,946	-	133,512
Marine insurance	27,826	-	-	328	-	28,154
Land and air insurance	10,481	-	-	90	-	10,571
Liability insurance	578,761	-	-	4,446	-	583,207
Surety insurance	2,574	-	-	21	-	2,595
Other property insurance	646,547	-	-	5,541	-	652,088
Accident insurance	229,632	-	-	(524)	-	229,108
Health insurance	12,668	-	-	-	-	12,668
Compulsory automobile liability insurance	127,864	-	-	-	-	127,864
Total	<u>\$ 1,767,919</u>	<u>-</u>	<u>-</u>	<u>11,848</u>	<u>-</u>	<u>1,779,767</u>

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the years ended December 31, 2023

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,974,676	131,743	170,147	653,540	(151,105)	1,170,351
Marine insurance	257,419	(7,282)	24,574	152,516	(66,489)	154,100
Land and air insurance	112,850	5,324	8,644	18,702	(7,662)	87,842
Liability insurance	3,506,565	70,441	620,250	1,868,568	265,530	681,776
Surety insurance	23,575	2,025	3,565	711	(625)	17,899
Other property insurance	4,353,575	289,542	694,646	2,238,699	69,211	1,061,477
Accident insurance	1,016,561	(53,218)	242,151	488,055	55,861	283,712
Health insurance	88,528	(10,657)	25,174	275,490	(89,300)	(112,179)
Compulsory automobile liability insurance	947,041	(8,737)	124,717	602,903	47,398	180,760
Total	<u>\$ 12,280,790</u>	<u>419,181</u>	<u>1,913,868</u>	<u>6,299,184</u>	<u>122,819</u>	<u>3,525,738</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2022

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,518,191	30,913	131,566	378,231	478,119	499,362
Marine insurance	250,786	2,162	27,826	75,281	71,081	74,436
Land and air insurance	97,006	2,544	10,481	53,133	(29,594)	60,442
Liability insurance	3,255,054	58,676	578,761	1,667,398	120,268	829,951
Surety insurance	18,223	1,745	2,574	2,621	852	10,431
Other property insurance	3,882,307	28,314	646,547	1,938,067	202,332	1,067,047
Accident insurance	957,399	7,100	229,632	447,748	(47,069)	319,988
Health insurance	66,688	(4,727)	12,668	1,239,367	101,954	(1,282,574)
Compulsory automobile liability insurance	964,711	(3,815)	127,864	630,001	2,028	208,633
Total	<u>\$ 11,010,365</u>	<u>122,912</u>	<u>1,767,919</u>	<u>6,431,847</u>	<u>899,971</u>	<u>1,787,716</u>

(ii) Reinsurance cost-benefit analysis

For the years ended December 31, 2023

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 75,748	(785)	1,036	315	13,323	61,859
Marine insurance	7,295	(355)	219	144	1,328	5,959
Land and air insurance	191	(579)	31	3,418	(45)	(2,634)
Liability insurance	14,689	(38,286)	3,436	18,929	16,230	14,380
Surety insurance	1,233	(15)	2	1,620	444	(818)
Other property insurance	47,578	14,638	12,208	14,719	14,900	(8,887)
Accident insurance	8,418	159	151	2,549	11,533	(5,974)
Health insurance	-	-	-	-	(216)	216
Compulsory automobile liability insurance	300,123	(455)	-	286,194	1,665	12,719
Total	<u>\$ 455,275</u>	<u>(25,678)</u>	<u>17,083</u>	<u>327,888</u>	<u>59,162</u>	<u>76,820</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2022

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 68,108	(6,922)	1,946	858	3,519	68,707
Marine insurance	8,110	441	328	339	(455)	7,457
Land and air insurance	499	(92)	90	(68)	118	451
Liability insurance	16,614	(62,943)	4,446	46,811	669	27,631
Surety insurance	1,585	222	21	(272)	139	1,475
Other property insurance	25,322	(4,768)	5,541	11,093	2,566	10,890
Accident insurance	7,885	1,814	(524)	2,188	(1,606)	6,013
Health insurance	-	-	-	-	2,417	(2,417)
Compulsory automobile liability insurance	301,305	477	-	285,310	(11,831)	27,349
Total	<u>\$ 429,428</u>	<u>(71,771)</u>	<u>11,848</u>	<u>346,259</u>	<u>(4,464)</u>	<u>147,556</u>

(iii) Gain/Loss on reinsurance contracts

For the years ended December 31, 2023

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,346,571)	100,522	147,386	394,182	(116,143)	(820,624)
Marine insurance	(160,603)	(10,408)	10,916	97,425	(61,463)	(124,133)
Land and air insurance	(93,820)	5,713	9,044	17,832	(7,873)	(69,104)
Liability insurance	(472,174)	(30,024)	132,582	269,599	33,618	(66,399)
Surety insurance	(8,442)	919	756	210	(50)	(6,607)
Other property insurance	(954,283)	97,939	250,475	563,643	66,370	24,144
Accident insurance	(91,910)	1,524	16,892	48,464	16,264	(8,766)
Health insurance	(7,866)	(4,271)	2,631	8,974	(168)	(700)
Compulsory automobile liability insurance	(398,011)	(5,239)	-	361,755	27,218	(14,277)
Total	<u>\$ (3,533,680)</u>	<u>156,675</u>	<u>570,682</u>	<u>1,762,084</u>	<u>(42,227)</u>	<u>(1,086,466)</u>

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2022

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,035,076)	27,119	105,579	291,940	256,985	(353,453)
Marine insurance	(141,933)	2,031	10,287	47,008	46,454	(36,153)
Land and air insurance	(76,547)	6,063	9,768	42,338	(25,177)	(43,555)
Liability insurance	(452,086)	(64,430)	142,599	310,113	(20,023)	(83,827)
Surety insurance	(7,635)	1,158	1,191	1,300	46	(3,940)
Other property insurance	(779,020)	(79,990)	220,470	405,143	79,792	(153,605)
Accident insurance	(83,316)	(11,143)	11,559	75,535	(37,495)	(44,860)
Health insurance	(8,642)	(321)	(45)	8,940	2,181	2,113
Compulsory automobile liability insurance	(407,152)	(2,288)	-	379,155	1,160	(29,125)
Total	<u>\$ (2,991,407)</u>	<u>(121,801)</u>	<u>501,408</u>	<u>1,561,472</u>	<u>303,923</u>	<u>(746,405)</u>

(t) Disclosure of insurance contract risk

(i) The purpose, policy, procedure and the managing method of risk related to the risk management of control insurance contract

1) The range of risk management in framework, organizational, accountability

a) Risk management of framework and organization

The Company's risk managing organizational framework includes the Board of Directors, Risk Management Committee, Risk Management Department, operating segments and Audit department.

b) The responsibility of various unit are as follows:

i) The Board of Directors

The Board of Directors is the highest decision making unit of risk management in the Company, which is responsible for approving risk management policy and framework, establishing the risk management culture, ensuring the effectiveness of risk management, and bear the ultimate responsibility of risk management.

ii) Risk Management Committee

1. In charge of making the risk management policy, framework, organization function, in order to establish the managing quality and quantity standard. To submit regularly the report of the executing the risk management to the Board of Directors, in case providing the necessary improve suggestion.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2. To execute the Board of Directors' decision, and entirely and periodically oversee the development, establishment and executing performance.
 3. To assist and oversee various segments' risk management activities.
 4. To consider the environment to adjust the types of risk, risk limit allocating and the bearing method.
 5. To coordinate interaction and communication of the risk managing function between departments.
- iii) Risk Management Department
1. To be responsible for risk monitoring, measuring, evaluating executive layer of routine affairs, which should be independent to the executing right of operating segments.
 2. Should depend on the type of operating business to execute:
 - To assist and execute the Board setting risk management policies and strategies.
 - Accounting the Company risk appetite set risk tolerance
 - Summarize risk information, coordinated and communicated for carrying out policy and quota of each unit.
 - Risk management report is proposed regularly.
 - Monitor the risk of each operating segments regularly.
 - Assistance of pressure test.
 - Back testing.
 - Others
 3. To deal with the violation of other units by the authorization of the Board of Directors or Risk Management Committee
- iv) Operating segments
1. The responsibilities of operating segments supervisor to execute the risk management are as follows:
 - To be responsible for preparing daily risk report, taking actions.
 - To monitor related information of risk management and report to risk management department regularly.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2. The responsibilities of operating segments to execute the risk management are as follows:

- To recognize risk, and to report the information of risk exposure situation.
- To measure the influence of degree of risk occurred (quality and quantity), and response the accurate solution with passing the risk information.
- Reviewing the effectiveness of the setting risk tolerance.
- Monitor risk exposure and measure the risk exceed the tolerance.
- To assist the risk modelling development, ensuring that the uses and hypothesis of measuring, modeling are rational and consist of the basis.
- Ensure the effectiveness of internal control.
- Gather the information which is related to operational risk.

v) Audit department

Based on incumbent related legal regulation, to audit the implementation of risk management of each department in the Company.

2) Scope and nature of risk reporting or measure system

The Company's insurance risk monitoring included the entire or individual deal process of operating segments and various insurance goods, such as business volume, loss rate change, business structure, etc., should be in accordance with the standard, the limit, the process of over limit and the authorization. Then, through operating segments supervisors report daily or regularly to higher management level and Risk Management Department to summarize.

The Company holds Risk Management Committee periodically to report officially the insurance risk management monitor for decision making by the operating level.

3) Procedures for risk assuming, measurement, monitoring and control, as well as adequate risk classification and the underwriting policy

The Company set the underwriting policy which is following the Company's target, client demand and market competition environment. The unit of underwriting should process danger options in accordance with the underwriting policy. In addition the underwriting should cooperate with operating in term of assessment of danger and choice of business, policy due to the organization become more and more big and the market become more competitive. To achieve the goal of good quality, higher quantity, faster receivable rolling and faster claim procedure which is customer focus, the Company should enhance the method of thinking and innovation in underwriting, operating, claim and managing.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- 4) The range of entire basic evaluation assessment of the enterprise and risk management

The entire risk as a basic identify the Company's insurance risk, includes the design and price set risk, underwriting risk, insurance risk, claim risk, catastrophic risk and reserve risk, etc., in accordance with the various insurance risk of insurance risk management.

- 5) Limiting insurance risk exposure and avoiding the concentrations of insurance risk

The business of retained, ceded in reinsurance, ceded out reinsurance of the Company is under "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" to establish the mechanism of risk management, and considering the risk bearing capacity, formulating a reinsurance risk management plan and implementing.

For the years ended December 31, 2023 and 2022, the amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

Insurance by Type	December 31, 2023	December 31, 2022
Fire insurance	\$ 500,000	500,000
Hull insurance	100,000	100,000
Fishing vessel insurance	50,000	50,000
Aviation insurance	200,000	200,000
Marine cargo insurance	600,000	500,000
Accident insurance	200,000	200,000
Engineering insurance	500,000	500,000
Casualty insurance	500,000	500,000
Vehicle insurance	30,000	30,000
Automobile liability insurance	120,000	120,000
Other property insurance	300,000	300,000
Health insurance	5,000	5,000
Accident insurance - travel insurance	240,000	240,000

- 6) The method of assets and liabilities management

The Company's assets and liabilities are coordinate with the factor of risk, including market risk, liquidity risk and insurance risk, which depend on the various risk management mechanism of monitor assets and liabilities cash flows, and using such as ratio of debt to assets, net debt to assets, etc., to entirely evaluate and analyze the appropriateness of managing assets and liabilities.

- 7) The illustration of management, monitor and control procedure of taking extra liabilities and equities promise when obtaining or providing on special events.

Under the Insurance Act, the Company's risk based capital ratio (RBC) should be at least 200%. Otherwise, the Company would be required to raise additional capital within a certain period; in addition, the Company will be prohibited from appropriating its earnings. Moreover, the authorities will restrict the Company's operations and use of capital.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(ii) Insurance risk information

1) Sensitivity analysis of insurance risk

For the years ended December 31, 2023				
Item	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 2,050,424	64.18%	19,214	6,753
Marine insurance	264,714	62.17%	2,723	1,013
Land and air insurance	113,041	69.90%	1,083	202
Liability insurance	3,521,254	66.72%	34,891	29,869
Surety insurance	24,808	72.69%	228	153
Other property insurance	4,401,153	64.35%	40,970	32,406
Accident insurance	1,024,979	75.21%	10,780	9,877
Health insurance	88,528	80.27%	992	870
Compulsory automobile liability insurance	1,247,164	No applicable	No applicable	No applicable

For the years ended December 31, 2022				
Item	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 1,586,299	65.94%	15,647	5,567
Marine insurance	258,896	62.69%	2,563	1,164
Land and air insurance	97,505	69.55%	951	246
Liability insurance	3,271,668	66.13%	32,759	27,594
Surety insurance	19,808	72.63%	178	114
Other property insurance	3,907,629	64.59%	38,841	30,251
Accident insurance	965,284	73.29%	9,564	8,619
Health insurance	66,688	65.82%	714	625
Compulsory automobile liability insurance	1,266,016	No applicable	No applicable	No applicable

Note: Due to various insurance contract frameworks are difference, the impact of a one percent change in rate of expected loss is not linear relationship to incomes and losses.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Concentration of insurance risk

The risk of insurance risk concentration is controlled by reinsurance transfer method. For example, the risk caused by natural disasters is based on the RMS and AIR natural disaster model and the selected 250-year regression period is used as the basis for arranging the natural disaster reinsurance contract. Its content is used as a reference for setting key risk indicators for catastrophe.

a) The premium proportion of underwriting and ceded in reinsurance.

The insurance contracts which the Company underwrites are separated in various types of insurances, and not concentrated in any single type of insurance. In terms of proportion, the voluntary automobile insurance is the highest proportion accounts for 49.78% and 53.79% for the years ended December 31, 2023 and 2022, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary automobile insurance is stable and the risk variation is low. The remaining types of insurance are no risk concentration.

The premium proportion of underwriting insurance and ceded in reinsurance:

Type	For the years ended December 31,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,048,607	8.23%	775,180	6.78%
Marine cargo insurance	235,001	1.85%	212,603	1.86%
Hull, fishing vessel and aviation insurance	140,598	1.10%	141,432	1.24%
Voluntary automobile insurance	6,339,474	49.78%	6,153,232	53.79%
Compulsory automobile liability insurance	1,247,164	9.79%	1,266,016	11.06%
Liability insurance	622,813	4.89%	435,613	3.81%
Engineering and nuclear insurance	817,081	6.42%	501,925	4.39%
Surety and credit insurance	24,808	0.19%	19,808	0.17%
Other property insurance	63,040	0.49%	57,533	0.50%
Accident insurance	1,024,979	8.05%	965,284	8.44%
Typhoon, flood and earthquake insurance	1,001,293	7.86%	805,113	7.04%
Personal and commercial all-risk insurance	80,138	0.63%	30,901	0.27%
Health insurance	88,528	0.70%	66,688	0.58%
Overseas ceded-in reinsurance	2,541	0.02%	8,465	0.07%
Total	<u>\$ 12,736,065</u>	<u>100.00%</u>	<u>11,439,793</u>	<u>100.00%</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

b) Percentage of retained premium

In term of retained business, the voluntary automobile insurance which is the highest proportion accounts for 59.43% and 63.23% for the years ended December 31, 2023 and 2022, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

In addition, the insurance which is likely to result in significant accumulated loss such as catastrophe insurance (earthquake, typhoon and flood) and the insurances are likely to result in accumulation are property insurance (fire insurance and engineering insurance), marine insurance and accident insurance should avoid the operating risk resulting from the underwriting risk concentration, the Company has bought catastrophe reinsurance contracts in advance for abovementioned insurances to diversify the risk.

The percentage of retained premium was as follows:

Type	For the years ended December 31,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 419,816	4.56%	317,869	3.76%
Marine cargo insurance	119,137	1.29%	130,950	1.55%
Hull, fishing vessel and aviation insurance	4,107	0.04%	6,683	0.08%
Voluntary automobile insurance	5,468,544	59.43%	5,341,765	63.23%
Compulsory automobile liability insurance	849,153	9.23%	858,864	10.17%
Liability insurance	465,516	5.06%	286,627	3.39%
Engineering and nuclear insurance	443,490	4.82%	243,325	2.88%
Surety and credit insurance	16,366	0.17%	12,173	0.14%
Other property insurance	48,613	0.53%	46,564	0.55%
Accident insurance	933,069	10.14%	881,968	10.44%
Typhoon, flood and earthquake insurance	285,757	3.11%	227,348	2.69%
Personal and commercial all-risk insurance	69,926	0.76%	29,817	0.35%
Health insurance	80,662	0.88%	58,046	0.69%
Overseas ceded-in reinsurance	(1,771)	(0.02)%	6,387	0.08%
Total	<u>\$ 9,202,385</u>	<u>100.00%</u>	<u>8,448,386</u>	<u>100.00%</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Claims trend

For the year ended December 31, 2023

Occurrence year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	41,020,376	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	5,311,099
2	41,163,055	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,640,880	
3	41,088,170	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,098,963		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,695,182					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,969,391						
8	41,259,830	3,128,978	3,502,875	4,305,090							
9	40,904,322	3,127,878	3,500,708								
10	40,901,729	3,133,487									
11	40,885,203										
Estimates	40,885,203	3,133,487	3,500,708	4,305,090	3,969,391	4,695,182	4,745,935	4,899,446	5,098,963	6,640,880	5,311,099
Actual	40,844,453	3,132,950	3,498,387	4,291,485	3,937,662	4,676,395	4,720,884	4,810,143	4,897,736	5,967,883	3,134,364
Subtotal	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735

For the year ended December 31, 2022

Occurrence year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	38,110,201	2,593,826	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107
2	38,426,550	2,885,933	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	
3	38,277,122	2,855,978	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780		
4	38,232,192	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424			
5	38,188,054	2,835,816	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259				
6	38,132,348	2,830,761	3,130,980	3,518,795	4,300,980	3,971,299					
7	38,113,784	2,834,001	3,155,004	3,501,489	4,301,352						
8	38,095,426	2,849,616	3,128,978	3,502,875							
9	38,410,214	2,833,969	3,127,878								
10	38,070,353	2,835,152									
11	38,066,577										
Estimates	38,066,577	2,835,152	3,127,878	3,502,875	4,301,352	3,971,299	4,711,259	4,775,424	4,886,780	5,292,664	6,043,107
Actual	38,026,378	2,831,414	3,118,343	3,498,218	4,287,692	3,928,477	4,659,503	4,690,086	4,749,951	4,462,408	3,963,589
Subtotal	40,199	3,738	9,535	4,657	13,660	42,822	51,756	85,338	136,829	830,256	2,079,518
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,199	3,738	9,535	4,657	13,660	42,822	51,756	85,338	136,829	830,256	2,079,518

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(iii) Credit risk of insurance contracts

1) Credit risk

- a) Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company” No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include:
- i) The summary of unauthorized reinsurance contracts and types of reinsurance.
 - ii) The reinsurance premium expense of unauthorized reinsurance contracts.
 - iii) General description of the amount of unauthorized reserve and its components.
- b) The abstract and related insurance of unauthorized reinsurance contracts in the Company were as follows:

As of December 31, 2023

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO.B.S.C (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

As of December 31, 2022

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- c) For the years ended December 31, 2023 and 2022, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$79 and \$4,854, respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	December 31, 2023	December 31, 2022
Unearned premium reserve	\$ 1	2,427
Claims recoverable from reinsurers of paid claims overdue in nine months	3	13
Claims recoverable from reinsurers reported but unpaid	1,645	1,980
Total unauthorized reinsurance reserve	<u>\$ 1,649</u>	<u>4,420</u>

2) Liquidity risk

The Company's liquidity risk includes capital liquidity risk and market liquidity risk of insurance contracts, via monitoring and managing the liquidity risk of risk management to maintain the sufficient liquidity when the occasion events and raise the balance of assets income investment.

To ensure the operating stability, the Company needs the sufficient liquidity assets that can immediately into cash in case the needs of premium deficiency or unexpected claim duty increase sharply.

3) Market risk

The market risk of insurance contracts in the Company includes interest rate risk, foreign currency risk and price risk. The monitoring market risk includes the overall and individual transaction processes of each trading unit and each financial product, such as change in positions, change in profit and loss, trading patterns and trading targets, etc., which should be carried out within the scope of the Company including quota, stop loss and over limit treatment. The competent authority shall conduct risk reporting according to its responsibilities and the risk management department shall regularly report the market risk monitoring table to the operating management and report to the risk management committee and the Board of Directors regularly.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 3,479,186	3,067,290
Receivables	555,987	615,306
Financial assets at fair value through profit or loss	1,721,519	802,477
Financial assets at fair value through other comprehensive income	2,351,075	2,140,676
Financial assets at amortized cost	2,562,498	2,733,848
Other financial assets	1,872,700	1,622,875
Reinsurance contract assets	526,976	645,393
Other assets	577,534	697,358
Total	<u>\$ 13,647,475</u>	<u>12,325,223</u>

The Company does not involve into lending business. The financial assets are mainly receivables, reinsurance contract assets and investment projects in the open market. The credit risk is controlled by the limit method and the risk status of the counterparty is assessed regularly.

As of December 31, 2023 and 2022, the overdue refundable deposits accounted for under other assets were all \$20,000, which provisioned the loss allowance all \$20,000.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Impairment loss of receivables

The expected credit losses of receivables were as follows:

		December 31, 2023				
		Not overdue	Overdue under 90 days	Overdue for91-270 days	Overdue 271 over days	Total
Notes receivable:						
Expected credit loss rate		0.06%	100%	100%	100%	
Carrying amount	\$	259,513	-	-	-	259,513
Expected credit loss amount		149	-	-	-	149
Premiums receivable:						
Expected credit loss rate		1.79%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$	114,451	27,026	22,887	1,129	165,493
Expected credit loss amount		2,051	1,124	1,319	1,129	5,623
Other receivables:						
Carrying amount	\$	137,501	2,506	3,379	36,293	179,679
Expected credit loss amount		1,734	1,520	3,379	36,293	42,926
		December 31, 2022				
		Not overdue	Overdue under 90 days	Overdue for91-270 days	Overdue 271 over days	Total
Notes receivable:						
Expected credit loss rate		0.08%	100%	100%	100%	
Carrying amount	\$	281,030	13	-	-	281,043
Expected credit loss amount		219	13	-	-	232
Premiums receivable:						
Expected credit loss rate		1.04%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$	147,846	24,201	16,597	1,136	189,780
Expected credit loss amount		1,532	948	894	1,136	4,510
Other receivables:						
Carrying amount	\$	150,604	2,851	2,892	32,491	188,838
Expected credit loss amount		2,275	1,955	2,892	32,491	39,613

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- 3) The movement in loss allowance and information of credit quality of financial assets at amortized cost

- a) The movement in loss allowance

For the year ended December 31, 2023						
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 1,106	-	-	1,106	-	1,106
Changes	617	2,859	-	3,476	-	3,476
Ending balance	<u>\$ 1,723</u>	<u>2,859</u>	<u>-</u>	<u>4,582</u>	<u>-</u>	<u>4,582</u>

For the year ended December 31, 2022						
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 654	-	-	654	-	654
Changes	452	-	-	452	-	452
Ending balance	<u>\$ 1,106</u>	<u>-</u>	<u>-</u>	<u>1,106</u>	<u>-</u>	<u>1,106</u>

- b) The information of credit quality

December 31, 2023										
stage1				stage2						
	Low-risk	Moderate-risk	High-risk	Total	Low-risk	Moderate-risk	High-risk	Total	stage3	Allowance impairment loss
Financial assets at amortized cost (including statutory deposit)	<u>\$ 2,794,701</u>	<u>-</u>	<u>-</u>	<u>2,794,701</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>4,582</u>
										<u>2,960,119</u>

December 31, 2022										
stage1				stage2						
	Low-risk	Moderate-risk	High-risk	Total	Low-risk	Moderate-risk	High-risk	Total	stage3	Allowance impairment loss
Financial assets at amortized cost (including statutory deposit)	<u>\$ 3,165,046</u>	<u>-</u>	<u>-</u>	<u>3,165,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,106</u>
										<u>3,163,940</u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the maturity date of financial liabilities. The Company does not anticipate that the cash flow of the maturity analysis will occur significantly earlier, or the actual amount will be significantly different.

December 31, 2023						
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 10,001	10,001	8,792	91	4	1,114
Commissions payable	196,354	196,354	196,354	-	-	-
Due to ceding companies	583,969	583,969	564,195	19,468	306	-
Other payables	444,267	444,267	441,933	2,162	81	91
Lease liabilities	17,929	18,232	3,959	7,039	2,939	4,295
Other liabilities						
Guarantee deposits received	10,338	10,338	1,132	1,862	88	7,256
Total	\$ 1,262,858	1,263,161	1,216,365	30,622	3,418	12,756

December 31, 2022						
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 10,083	10,083	8,890	26	5	1,162
Commissions payable	178,341	178,341	178,341	-	-	-
Due to ceding companies	598,519	598,519	561,768	30,615	189	5,947
Other payables	380,362	380,362	379,525	288	144	405
Lease liabilities	11,931	12,127	3,437	3,661	1,180	3,849
Other liabilities						
Guarantee deposits received	9,962	9,962	2	422	10	9,528
Total	\$ 1,189,198	1,189,394	1,131,963	35,012	1,528	20,891

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iii) Foreign currency risk

1) Exposure about foreign currency risk

The amounts of the original currency (in thousands) exposed to the significant foreign currency exchange rate risk were as follows:

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
<u>Monetary items</u>		
USD	\$ 4,836	6,808
EUR	103	178
JPY	59	121
HKD	34	12
KRW	4	149
CNY	44	-
GBP	37	43
THB	45	51
<u>Financial liability</u>		
<u>Monetary items</u>		
USD	2,891	1,713
KRW	-	512

Important rate:

	Rates	
	December 31, 2023	December 31, 2022
USD	\$ 30.71	30.71
EUR	33.98	32.72
JPY	0.2172	0.2324
HKD	3.93	3.94
KRW	0.0239	0.0246
CNY	4.33	4.41
GBP	39.15	37.09
THB	0.9017	0.8941

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Sensitivity analysis

As of December 31, 2023 and 2022, with all other variable factors that remain constant, when NTD decreases 1% compared to other currency, the amount of the Company's comprehensive income will increase as follows:

	December 31, 2023	December 31, 2022
USD(increases 1%)	\$ 478	1,252
EUR(increases 1%)	28	47
HKD(increases 1%)	1	-
CNY(increases 1%)	2	-
GBP(increases 1%)	12	13
THB(increases 1%)	-	-

Conversely, if there is a increase of 1% compared to other currency based on all other variables remain the same, there will be the same amount but opposite direction of influence as of December 31, 2023 and 2022.

(iv) Interest rate risk

1) Summary

The amounts of interest bearing financial instruments related to interest rate risk on the reporting date were as follows:

	Carrying Amount
	December 31, 2023
	December 31, 2022
Variable interest rate instrument:	
Term deposit	\$ 1,339,000
	1,170,220

2) Sensitivity Analysis of variable interest rate financial instruments

Based on the carrying amount of those financial instruments on the reporting date, assuming they are held for one year, and all other variable factors remaining constant, when interest rate change 10 basis points, the Company's net income will increase or decrease as follows:

	December 31, 2023	December 31, 2022
Increase 10 basis points	\$ 1,339	1,170
Decrease 10 basis points	(1,339)	(1,170)

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(v) Fair value and hierarchy information

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. Listed stock, OTC stock, beneficiary certificates, as well as equity and derivative instruments with public quote in an active market possessed by the Company belong to Level 1.

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price).

iii) Level 3

The input of level 3 is the parameters of measuring fair value, which is from neither on direct market data nor from the counter party.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Based on fair value measurement

a) Hierarchy information of fair value

The Company's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

		December 31, 2023		
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Repeatably fair value measurement				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 213,233	213,233	-	-
Real estate investment trust beneficiary certificates	321,109	321,109	-	-
Stocks	1,187,177	1,187,177	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,351,075	2,336,417	-	14,658
		December 31, 2022		
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Repeatably fair value measurement				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 23,876	23,876	-	-
Real estate investment trust beneficiary certificates	341,911	341,911	-	-
Stocks	436,690	436,690	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,140,676	2,125,500	-	15,176

b) Valuation techniques of fair value measurement

The valuation of non-derivative financial instruments are based on transparent offer price as fair value if there is existence of active market. The basic of fair value is the market price announced by stock exchange, OTC, etc., the listed stocks and OTC stocks as equity instruments, and debt instruments in active market.

If obtaining frequently and timely transparent offers from stock exchange, brokers, securities underwriter, industrial union and set price service organization or supervisor organization that means the price is actual and frequent fair market deal that is the transparent offer price as fair value in the active market. If the conditions above mentioned are fail, the market is considered as non active market. Generally, the difference between bid ask is big and significant or with the volume of deal is few would be indicated that non active market. The equity of non transparent offer price shall be evaluated by valuation techniques by using the Market approach public company comparable with the discount of lack equity liquidity.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

d) Movements of financial assets at fair value classified into Level 3

For the year ended December 31, 2023								
		Gains and losses on valuation		Increase		Decrease		
Name	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	Balance at the end of the year
Financial assets at fair value through other comprehensive income	\$ 15,176	-	(518)	-	-	-	-	14,658

For the year ended December 31, 2022								
		Gains and losses on valuation		Increase		Decrease		
Name	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	Balance at the end of the year
Financial assets at fair value through other comprehensive income	\$ 15,372	-	(196)	-	-	-	-	15,176

e) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Company's Level 3 fair value measurements are financial assets at fair value through other comprehensive income – equity instruments investment.

The Company's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

Items	Evaluation	significant unobservable inputs	relationship between significant unobservable inputs and the fair value
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market method	<ul style="list-style-type: none"> Price to Book Ratio Discount for lack of marketability 	<ul style="list-style-type: none"> The higher price to book ratio is, the higher fair value is. The higher discount for lack of marketability is, the lower the fair value is.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- f) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Company made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
December 31, 2023		
Financial assets fair value through other comprehensive income	\$ 147	(147)
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ 152	(152)

Favorable and unfavorable movements of the Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

- (vi) Financial instruments not measured at fair value

- 1) Fair value information

The carrying amount of financial instruments not measured at fair value, such as cash and cash equivalents, receivables, reinsurance assets, other financial assets, account payables and other financial liabilities that are approximate to the fair value in the Company does not disclose the fair value, except for below items:

Item	Carrying amount	Fair value
December 31, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,960,119	2,938,276
Investment Property	1,047,509	2,058,304
December 31, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 3,163,940	3,129,985
Investment Property	851,695	1,568,918

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

2) Fair value information

		December 31, 2023		
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(Level 1)	(Level 2)	(Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,938,276	-	2,938,276	-
Investment property	2,058,304	-	-	2,058,304

		December 31, 2022		
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(Level 1)	(Level 2)	(Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	3,129,985	-	3,129,985	-
Investment property	1,568,918	-	-	1,568,918

3) Valuation techniques

The valuation assumption and methods of financial instruments not measured at fair value is used by the Company were as follows:

- The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables and accounts payables.
- Financial assets at amortized cost (bond investments without active market)

If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.
- The refundable deposits and guarantee deposits have no specific maturity date, as a result, using the carrying amount on the balance sheet as the fair value.
- The fair value of investment property is assessed by the market practices.

4) Transfer between Level 1 and Level 2

There were no transfer for the years ended December 31, 2023 and 2022.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(v) Financial risk management

(i) Overview

1) Credit risk

Credit risk is that borrowers failing to make payments, including pre settlement risk and settlement risk. The settlement risk is the counterparties' violation, and the problem of their liquidity limit and procedure. The pre settlement risk is that during the period of deal, the counterparties cannot perform their obligation of the contract, resulting in the risk of loss.

2) Liquidity risk

The liquidity risk indicates that the deficiency of trading volume or lack of trading counterparties results in the risk of finished trade out of expecting timing.

3) Market risk

Market risk includes foreign exchange rates and interest rates. The risk of foreign exchange rates comes from the change of price of foreign currency, includes the change of value, and the change of relationship between currencies, and currency depreciation. The risk of interest rates comes from the change of bond's price, i.e. yield curve risk, when the shape of yield curve risk changes, the risk will occur.

(ii) The framework of risk management

Please refer to Note(6)(t)(i)1).

(iii) Credit risk

1) The financial assets are classification of credit risk quantity as an assessment of loss. The Company' internal credit risk is classified as low risk, moderate risk and high risk as definition as follows:

- a) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- b) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation, disadvantage operation, financial and economic conditions, resulting in weaken capability of dealing with the situations.
- c) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.
- d) The impaired items represent the amount of loss allowance provided for financial assets based on the regulations of accounting standards. Under the principle of prudence, the impaired amount is able to reflect the current value of the impaired assets.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- 2) Determining the credit risk has increased significantly since initial recognition
 - a) At each reporting date, the Company assessed all the financial instruments applicable for IFRS 9 to determine whether the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Company considers reasonable and supportable information (including forward looking information) that is indicative of significant increases in credit risk since initial recognition. The criteria include external credit rating, overdue status, credit spreads, and other market information related to the issuers or debtors.
 - b) 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. Judgment criteria: external credit rating above investment grade (Baa3).
- 3) Measuring the expected credit losses
 - a) The methods and assumptions
 - If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the allowance for impairment of the financial instrument using the 12 month expected credit losses; if the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the allowance for impairment using the lifetime expected credit losses.
 - In order to measure expected credit losses, the Company considers the default probability (Probability of default, "PD") of financial assets or issuers or debtors, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12 month and lifetime loss.
 - Default probability is the probability that the issuers or the debtors defaults, and the loss given default rate is the rate of loss caused by default by the issuers or debtors. The relevant indicators used by the Company are based on the default rate and loss given default rate published by Moody's.
 - The Company measures the Exposure at default based on the amortized cost of financial instruments plus accrued interest.
- 4) Consideration of forward-looking information

The Company obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The default probability used for impairment assessment of the Company is based on the information which already includes forward-looking general economic information published by Moody's.

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UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(iv) Liquidity risk

The Company's approach to managing liquidity is to ensure that there is sufficient liquidity to support the liabilities which is going to expire. The investment targets all have an active market. Financial assets are expected to be sold at a price close to fair value and the own operating capital are sufficient to support the demand for funds needed. so there is no liquidity risk due to the inability to make funds.

(v) Market risk

The goal of market risk management is to control the market risk exposure to an acceptable level and optimize investment returns. The Company uses VAR values to measure price risk. Regularly compare the holding of investment targets with market prices and strictly observe the restrictions on stop-loss. The investment targets do not involve emerging market and commodity risks. It's only foreign currency financial assets and liabilities expose to foreign currency risk and Interest rate risk. The Company conducts stress tests and sensitivity analysis for exchange rate and interest rate risk to ensure that the maximum loss does not endanger the Company's operations.

(w) Capital Management

The policy of the Board of Directors is to maintain robust capital base, and to uphold the confidence of investors, creditors and the market, as well as to support the development of future operations. The capital includes the Company's share capital, capital reserve and undistributed surplus. The Board of Directors controls the rate of return on capital and controls the level of common stock dividends.

As of December 31, 2023, the method of capital management of the Company remains the same.

(x) Structured entities not included in the financial statements

- (i) The Company possesses the equities of the following structured entities which are not included in the financial statements. The fund is from the Company and an outside third party:

Types of structured entity	Characteristic and purpose	Equity owned by the Company
Assets securitization products-REITS	Invests in assets securitization products of commercial real estate.	Asset backed securities issued by the entity

- (ii) The carrying amount of the assets related to the structured entities recognized by the Company but not yet included in the financial statements on December 31, 2023 and 2022, were as follows:

December 31, 2023	Asset securitization products-REITS
Assets possessed by the Company	
— Financial assets at fair value through profit or loss	\$ 321,109
Total assets possessed by the company	\$ 321,109

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

<u>December 31, 2022</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
— Financial assets at fair value through profit or loss	\$ 341,911
Total assets possessed by the company	<u>\$ 341,911</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the years ended December 31, 2023 and 2022.

(7) Related-party transactions:

- (a) Final controller

Mr. Tsai Yan Ming is the Company final controller.

- (b) Names and relationship of related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Want Want Co., Ltd.	Substantive related party
Want Chia Enterprises Co.,Ltd.	Substantive related party
H.Y. Tsai Co., Ltd.	Substantive related party
Tsai Ho Want Enterprises Co., Ltd.	Substantive related party
Want Want Constructions Co., Ltd.	Substantive related party
Digital Commercial Times Inc.	Substantive related party
CTI Television Incorporation Co., Ltd.	Substantive related party
China Times Culture Co., Ltd.	Substantive related party
China Television Company Co., Ltd.	Substantive related party
Touche Innovative Media Co., Ltd.	Substantive related party
Media Sphere Communications Ltd..	Substantive related party
TY Star Network Technology Co., Ltd.	Substantive related party
Want Tai Media Co., Ltd.	Substantive related party
I Lan Foods Ind. Co., Ltd.	Substantive related party
First Family Enterprise Co., Ltd.	Substantive related party
Want Pu Trading Limited, Taiwan Branch (B.V.I)	Substantive related party
Newwing Limited, Taiwan Branch (B.V.I)	Substantive related party
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	Substantive related party

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

Name of Related Party	Relationship with the Company
San Want Hotel Co., Ltd.	Substantive related party
Shao Yuan Co., Ltd.	Substantive related party
Jia Peng Development Co., Ltd.	Substantive related party
Ho Yuan Want Co., Ltd.	Substantive related party
Taiwan Marketing Logistics Co., Ltd.	Substantive related party
Hao Want Co., Ltd.	Substantive related party
Wulai Tourism Co., Ltd.	Substantive related party
Ren Want Co., Ltd.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Nuowant Biomedical Technology Co., Ltd.	Substantive related party
Commercial Culture Co., Ltd.	Substantive related party
Hongkong Hai Tian Aquaculture Holdings Limited, Taiwan Branch	Substantive related party
Chunyuan Hospitality Ltd.	Substantive related party
Pozzo Bakery Co., Ltd.	Substantive related party
Dentsu One Co., Ltd.	Substantive related party (Note1)
Chaopin Food Co., Ltd.	Substantive related party
Jinping Development Co., Ltd.	Substantive related party
Duozi Duosun Duofuqi Co., Ltd.	Substantive related party
Zuocheng Law Firm	Substantive related party
All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.	

Note1: It has not been a related party since January 2023.

(c) Compensation of key management personnel

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 51,021	34,362
Short-term employee benefits-paid leave	1,189	1,257
Post-employment benefits	1,104	743
Total	\$ 53,314	36,362

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(d) Significant transactions with related parties were as follows:

(i) The details of written premium, account receivables, and prepaid expenses were as follows:

1) Written premium

	For the years ended December 31,	
	2023	2022
	Amount	Amount
Written premium		
Other related parties	\$ 15,865	17,541
Key management personnel	930	743
Total	\$ 16,795	18,284

2) Account receivables

	December 31, 2023	December 31, 2022
Premiums receivable:		
Other related parties	\$ 420	213
Key management personnel	5	-
Total	\$ 425	213

The terms of transactions were similar to those of non-related parties.

3) Prepaid expenses

Related parties	December 31, 2023	December 31, 2022
Other related parties	\$ 2	-

(ii) The details of general expense were as follows:

	For the years ended December 31,	
	2023	2022
Related parties		
Other related parties	\$ 3,333	3,434

(iii) The details of rental revenue and guarantee deposits received were as follows:

1) Rental revenue

	For the years ended December 31,	
	2023	2022
Related parties		
Key Management personnel	\$ -	30

The above-mentioned leases were operating leases and the terms transactions were similar to those with non-related parties.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(8) Pledged assets:

As of December 31, 2023 and 2022, the assets pledged or guaranteed were as follows:

Pledged Assets	December 31, 2023	December 31, 2022	Purpose of pledge
Other financial assets - Time deposit	\$ 47,000	167,000	Guarantee for the insurance business
Financial assets at amortized cost	397,621	430,092	Guarantee for operating business, suit, and contract performance
Total	<u>\$ 444,621</u>	<u>597,092</u>	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$153,947, of which approximately \$111,372 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of December 31, 2023.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of December 31, 2023, there is \$61,857 unpaid.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of employee benefits, depreciation and amortization:

Function Nature	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	391,675	801,883	1,193,558	380,638	747,695	1,128,333
Labor and health insurance	-	86,370	86,370	-	83,443	83,443
Pension	-	42,494	42,494	-	41,535	41,535
Remuneration of directors	-	17,077	17,077	-	13,159	13,159
Others	-	47,499	47,499	-	44,703	44,703
Depreciation	4,861	47,092	51,953	4,813	48,727	53,540
Amortization	-	25,320	25,320	-	17,266	17,266

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(b) Disclosure of earned retention premium by compulsory and non-compulsory insurance

For the year ended December 31, 2023						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 947,041	300,123	398,011	849,153	(3,953)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	240,781	8,112,451
Total	<u>\$ 12,280,790</u>	<u>455,275</u>	<u>3,533,680</u>	<u>9,202,385</u>	<u>236,828</u>	<u>8,965,557</u>

For the year ended December 31, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 964,711	301,305	407,152	858,864	(1,050)	859,914
Non-compulsory insurance	10,045,654	128,123	2,584,255	7,589,522	173,992	7,415,530
Total	<u>\$ 11,010,365</u>	<u>429,428</u>	<u>2,991,407</u>	<u>8,448,386</u>	<u>172,942</u>	<u>8,275,444</u>

(c) Disclosure of self-claim by compulsory and non-compulsory insurance

For the year ended December 31, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 602,903	286,194	361,755	527,342
Non-compulsory insurance	5,696,281	41,694	1,400,329	4,337,646
Total	<u>\$ 6,299,184</u>	<u>327,888</u>	<u>1,762,084</u>	<u>4,864,988</u>

For the year ended December 31, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 630,001	285,310	379,155	536,156
Non-compulsory insurance	5,801,846	60,949	1,182,317	4,680,478
Total	<u>\$ 6,431,847</u>	<u>346,259</u>	<u>1,561,472</u>	<u>5,216,634</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Reserves accrued and recovered for compulsory automobile and motorcycle insurance:

For the years ended December 31, 2023

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 398,720	389,897	398,720	389,897	
Compulsory motorcycle liability insurance	129,132	126,834	129,132	126,834	
Compulsory mini electric two-wheel vehicle liability insurance	360	2,289	360	2,289	
Special reserve					
Compulsory automobile liability insurance	(219,154)	33,917	-	(185,237)	
Compulsory motorcycle liability insurance	309,295	10,883	-	320,178	
Compulsory mini electric two-wheel vehicle liability insurance	47	271	-	318	
Claim reserve					
Compulsory automobile liability insurance	572,412	621,470	572,412	621,470	
Compulsory motorcycle liability insurance	167,935	167,415	167,935	167,415	
Compulsory mini electric two-wheel vehicle liability insurance	89	614	89	614	
Total	\$ 1,358,836	1,353,590	1,268,648	1,443,778	

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the years ended December 31, 2022

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 399,078	398,720	399,078	398,720	
Compulsory motorcycle liability insurance	132,472	129,132	132,472	129,132	
Compulsory mini electric two-wheel vehicle liability insurance	-	360	-	360	
Special reserve					
Compulsory automobile liability insurance	(276,929)	57,775	-	(219,154)	
Compulsory motorcycle liability insurance	294,872	14,423	-	309,295	
Compulsory mini electric two-wheel vehicle liability insurance	-	47	-	47	
Claim reserve					
Compulsory automobile liability insurance	569,388	572,412	569,388	572,412	
Compulsory motorcycle liability insurance	180,851	167,935	180,851	167,935	
Compulsory mini electric two-wheel vehicle liability insurance	-	89	-	89	
Total	\$ 1,299,732	1,340,893	1,281,789	1,358,836	

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(e) Balance sheet and operating revenue and cost of compulsory automobile liability insurance:

(i) Balance sheet of compulsory automobile liability insurance:

Amount			Amount		
Items	December 31, 2023	December 31, 2022	Items	December 31, 2023	December 31, 2022
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 853,379	786,574	Claims payable	\$ 412	1,548
Notes receivable	5,856	7,362	Due to reinsurers and ceding companies	68,883	72,958
Premiums receivable	7,503	9,395	Unearned premium reserve	519,020	528,212
Claim recoverable from reinsurers	51,642	57,057	Claims reserve	789,499	740,436
Due from reinsurers and ceding companies	50,070	50,292	Special reserve	135,259	90,188
Ceded unearned premium reserve	212,351	217,590			
Ceded claims reserve	332,183	304,965		-	-
Temporary payments	89	107			
Total assets	\$ 1,513,073	1,433,342	Total liabilities	\$ 1,513,073	1,433,342

(ii) Operating revenue and cost of compulsory automobile liability insurance:

Item	For the years ended December 31,	
	2023	2022
Operating revenue	570,779	573,956
Pure premium	663,321	678,559
Reinsurance premium	300,123	301,305
Premium	963,444	979,864
Less: Reinsurance expense	(398,011)	(407,152)
Net change in unearned premium reserve	3,953	1,050
Retained earned premium	569,386	573,762
Interest income	1,393	194
Operating costs	594,258	597,438
Insurance claim payment	602,903	630,001
Reinsurance claim payment	286,194	285,310
Less: Claim recovered from reinsurers	(361,755)	(379,155)
Retained claim payment	527,342	536,156
Net change in claim reserve	21,845	(10,963)
Net change in special reserve	45,071	72,245

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- (f) The amounts of total assets and liabilities which will be recovered or paid within or over 12 months of the balance sheet date are as follows:

December 31, 2023			
Assets	Within 12 months	Over 12 months	Total
Cash and cash equivalents	\$ 3,479,186	-	3,479,186
Receivables	555,987	-	555,987
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	1,721,519	-	1,721,519
Financial assets at fair value through other comprehensive income	-	2,351,075	2,351,075
Financial assets at amortized cost	-	2,562,498	2,562,498
Other financial assets	1,033,400	839,300	1,872,700
Right-of-use assets	-	17,733	17,733
Investment property	-	1,047,509	1,047,509
Reinsurance assets	1,855,670	2,346,736	4,202,406
Property and equipment	-	1,287,364	1,287,364
Intangible assets	-	165,170	165,170
Other assets	-	657,674	657,674
Total assets	<u>\$ 8,652,996</u>	<u>11,275,059</u>	<u>19,928,055</u>

December 31, 2023			
Liabilities	Within 12 months	Over 12 months	Total
Accounts payable	\$ 1,233,386	1,205	1,234,591
Current tax liabilities	94,885	-	94,885
Insurance liabilities	11,170,500	1,127,098	12,297,598
Provisions	-	98,816	98,816
Lease liabilities	13,700	4,229	17,929
Deferred tax liabilities	-	63,920	63,920
Other liabilities	12,413	7,256	19,669
Total liabilities	<u>\$ 12,524,884</u>	<u>1,302,524</u>	<u>13,827,408</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

December 31, 2022			
Assets	Within 12 months	Over 12 months	Total
Cash and cash equivalents	\$ 3,067,290	-	3,067,290
Receivables	615,306	-	615,306
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	802,477	-	802,477
Financial assets at fair value through other comprehensive income	-	2,140,676	2,140,676
Financial assets at amortized cost	267,892	2,465,956	2,733,848
Other financial assets	1,500,875	122,000	1,622,875
Right-of-use assets	-	11,796	11,796
Investment property	-	851,695	851,695
Reinsurance assets	3,605,814	646,204	4,252,018
Property and equipment	-	1,292,268	1,292,268
Intangible assets	-	113,373	113,373
Other assets	31,987	758,768	790,755
Total assets	<u><u>\$ 9,898,875</u></u>	<u><u>8,402,736</u></u>	<u><u>18,301,611</u></u>
December 31, 2022			
Liabilities	Within 12 months	Over 12 months	Total
Accounts payable	\$ 1,159,791	7,514	1,167,305
Insurance liabilities	11,146,118	978,003	12,124,121
Provisions	-	110,113	110,113
Lease liabilities	8,123	3,808	11,931
Deferred tax liabilities	-	63,920	63,920
Other liabilities	9,840	9,528	19,368
Total liabilities	<u><u>\$ 12,323,872</u></u>	<u><u>1,172,886</u></u>	<u><u>13,496,758</u></u>

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

- (g) Other disclosures in accordance with regulations governing the preparation of financial reports by insurance enterprises:
- (i) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund : Refer to Note 6(f).
 - (ii) Information regarding to discontinued operations: None.
 - (iii) Material revolutions of adjustments of organization and management policy: None.
 - (iv) Material influence because of the regulations changed: None.
 - (v) The Loan because of paying large amount of claims: None.
- (h) Disclosure in accordance to "catastrophe special reserve and equalization special reserve", "the special reserve for resident earthquake insurance" and "the special reserve for nuclear insurance":

For the years ended December 31, 2023 and 2022, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$64,519, an decrease of \$212,675, a decrease of \$64,519, a increase of \$212,675, an increase of \$64,519, an decrease of \$212,675, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an increase of \$0.29 and an decrease of \$0.95, respectively.

(Continued)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” for the Company:

(i) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Occurrence date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer date	Amount			
Union Insurance Co., Ltd.	9F., No. 219, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City and one parking spaces	2023.7.26	202,222 (Note 1)	Paid in accordance with the contract	Natural person	Not related party	-	-	-	-	Appraisal report	Investment property	None

Note: Occurrence date means the date of contract signing, date of payment, date of transaction confirmation, date of transfer, date of boards of directors meeting resolutions, or other date that can confirm the counterparty and total amount of the transaction, whichever is the earlier.

Note 1: It is the total purchase price of contract. Transaction cost is separately counted.

- (ii) Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iii) Related-party transactions for purchases and sales with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iv) Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (v) Trading in derivative instruments: None.

(b) Information on investees: None.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Units: in shares

Shareholder's Name	Shareholding	Shares	Percentage
Tsai Ho Want Enterprises Co., Ltd.		49,961,671	22.34%
Want Chia Enterprises Co., Ltd.		48,480,873	21.68%
Want Want Co., Ltd.		46,689,943	20.88%

Notes: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(14) Segment information:

(a) General information

The Company primarily conducts its business in property insurance, which is the single mostly significant business unit for the Company, furthermore major decisions are based on the business activity's company-wide report to determine performance evaluation and the allocation of resources, therefore it is not necessary to individually disclose operational information of reportable segments.

(b) Region information

The Company's business is primarily located in Taiwan.

(c) Important client information

The Company does not receive premium revenue from any single customer which exceeds 10% of the direct written premiums received and there is no need to disclose major customer information.

Union Insurance Co., LTD.

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Cash:		
Cash on hand		\$ 500
Petty cash		13,010
Demand deposits		1,932,822
Checking deposits		7,468
Foreign currency deposits	Included original currency (in thousands) and exchange rate:	117,743
	USD 3,644 @30.7100	
	HKD 34 @3.9300	
	GBP 35 @39.1500	
	JPY 59 @0.2172	
	AUD 20 @20.9800	
	EUR 103 @33.9800	
	CAD 1 @23.2000	
	SGD 6 @23.2900	
	THB 45 @0.9017	
	CNY 44 @4.3300	
Time deposits	Due date from Jan. 01, 2024 to Mar. 08, 2024, interest rate from 0.86% to 1.45%	709,620
Cash equivalents:		
Bonds purchased under resale agreements	Due date from Jan. 02, 2024 to Jan. 11, 2024, interest rate from 1.15% to 1.28%	698,023
Total		<u><u>\$ 3,479,186</u></u>

Union Insurance Co., LTD.
Statement of notes receivable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Non-Related Parties</u>			
A company		\$ 26,740	
Others		232,773	Each customer balance is less than 5% of account balance.
Less: Loss allowance		(149)	
Total (net)		<u><u>\$ 259,364</u></u>	

Statement of premiums receivable

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Related Parties</u>			
Other related parties		\$ 420	
Key management personnel		5	
<u>Non-Related Parties</u>			
B company		67,252	
Others		97,816	Each customer balance is less than 5% of account balance.
Less: Loss allowance		165,493	
		(5,623)	
Total (net)		<u><u>\$ 159,870</u></u>	

Union Insurance Co., LTD.
Statement of other receivables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interests receivable	Bond interest	\$ 31,277	
	Time deposit interest	<u>3,077</u>	
	Subtotal	<u>34,354</u>	
Overdue commissions of premium refund receivables		42,178	
Less: Loss allowance for overdue commissions of premium refund receivables		(39,235)	
	Subtotal	<u>2,943</u>	
Other receivables	From credit card	53,239	
	From convenience store	37,619	
	Others	12,289	Each item amount is less than 5% of account balance.
Less: Loss allowance for other receivables		(3,691)	
	Subtotal	<u>99,456</u>	
Total		<u><u>\$ 136,753</u></u>	

Union Insurance Co., LTD.

Statement of financial assets at fair value through profit or loss

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Financial assets name	Description	Shares/ Units	Par Value	Principal Amount	Rate	Acquisition Cost	Fair Value		Change in fair value attributable to change in credit risk	Note
							Unit Price	Total		
<u>Beneficiary certificate</u>										
Others(less than 5%)		-	\$ -	-	-	203,035	-	213,233	-	
<u>Domestic listed stocks and OTC stocks</u>										
Taiwan Semiconductor Manufacturing Co., Ltd.		229,000	10	2,290	-	117,654	593.00	135,797	-	
Quanta Computer Inc..		597,000	10	5,970	-	101,169	224.50	134,027	-	
Others(less than 5%)		-	-	-	-	806,152	-	917,353	-	
<u>Domestic unlisted stocks</u>										
CHINA REBAR CO., LTD.		5,644,203	10	56,442	-	296,010	-	-	-	
<u>REITs</u>										
Cathay R1		18,911,000	-	-	-	325,074	16.98	321,109	-	
Subtotal						1,849,094		<u>1,721,519</u>		
Less: Valuation adjustment						(127,575)				
Total (net)						<u>1,721,519</u>				

Union Insurance Co., LTD.

Statement of financial assets at fair value through other comprehensive income

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Loss Allowance	Allowance Adjustments for Valuation	Acquisition Cost	Fair Value		Note
								Unit Price	Total	
<u>Domestic listed stock and OTC stocks</u>										
Taiwan Cement Corp. 2nd Preferred Shares		2,785,000	\$ 10	27,850	-	(6,568)	141,083	48.30	134,515	
Cathay Financial Holding Co., Ltd. Preferred Stock A		5,000,000	10	50,000	-	(2,000)	300,000	59.60	298,000	
Cathay Financial Holding Co., Ltd. Preferred Stock B		2,709,011	10	27,090	-	(813)	162,541	59.70	161,728	
Taishin Financial Holding CO., LTD. Class E Preferred Shares		6,328,000	10	63,280	-	5,898	317,463	51.10	323,361	
CTBC Financial Holding CO., LTD. Preferred Shares C		8,333,000	10	83,330	-	(6,666)	499,980	59.20	493,314	
Chailease Holding CO., LTD. Class A Preferred Shares		2,990,000	10	29,900	-	(6,799)	299,520	97.90	292,721	
United Microelectronics CO., LTD.		4,200,000	10	42,000	-	23,520	197,400	52.60	220,920	
Others(less than 5%)		-	-	-	-	2,197	409,662	-	411,858	
Subtotal					-	8,769	2,327,649		2,336,417	
<u>Domestic unlisted stocks</u>										
Minchali Metal Industry CO., LTD.		1,400,000	10	14,000	-	13,398	1,260	10.47	14,658	
Total					-	22,167	2,328,909		2,351,075	

Union Insurance Co., LTD.

Statement of financial assets measured at amortized cost

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Bonds Name	Description	Quantity	Par Value	Principal Amount	Rate	Loss Allowance	(Discount) Premium Unamortized	Book Value	Note
Central Government Construction Bonds:									
Bond A2 issued in 2006	Due on 2026.02.24. Interests paid once a year	-	-	50,000	1.875%	-	(145)	49,855	100% of securities serving
Bond A7 issued in 2006	Due on 2026.11.10. Interests paid once a year	-	-	50,000	2.125%	-	(56)	49,944	76% of securities serving
Bond A8 issued in 2012	Due on 2042.08.24. Interests paid once a year	-	-	100,000	1.625%	-	19,563	119,563	97% of securities serving
Bond A9 issued in 2018	Due on 2028.10.17. Interests paid once a year	-	-	100,000	0.875%	-	910	100,910	
Bond A2 issued in 2022	Due on 2032.02.18. Interests paid once a year	-	-	300,000	0.625%	-	(5,571)	294,429	65.83% of securities serving
Subtotal				<u>600,000</u>		<u>-</u>	<u>14,701</u>	<u>614,701</u>	
Corporate Bonds:									
NAN SHAN Life Insurance Subordinated Corporate Bonds 2016 1	Cumulative without due date	-	-	300,000	3.500%	(223)	-	299,777	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	80,000	3.800%	(59)	-	79,941	
Mercuries Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	170,000	3.700%	(2,859)	-	167,141	
Taiwan Life Insurance Subordinated Corporate Bonds 2017 1	"	-	-	200,000	3.450%	(148)	-	199,852	
NAN SHAN Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.300%	(74)	-	99,926	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.500%	(74)	-	99,926	
Far Eastern New Century Corporation 3rd Unsecured Corporate Bond-Tranche A Issue in 20231	Due on 2028.07.27. Interests paid once a year	-	-	100,000	1.670%	(188)	-	99,812	
Subtotal				<u>1,050,000</u>		<u>(3,625)</u>	<u>-</u>	<u>1,046,375</u>	
Financial Bonds:									
First Commercial Bank Subordinated Financial Bonds issued in 2018 2	Debenture Bonds, non-cumulative without due date	-	-	100,000	2.360%	(73)	-	99,927	
Hua Nan Commercial Bank Subordinated Financial Bonds issued in 2019 1	"	-	-	200,000	1.950%	(147)	-	199,853	
Taiwan Cooperative Bank Subordinated Financial Bonds issued in 2022 1	"	-	-	300,000	2.500%	(221)	-	299,779	
Hua Nan Commercial Bank Subordinated Financial Bonds issued in 2022 1	"	-	-	200,000	3.000%	(148)	-	199,852	
Taiwan Cooperative Bank Subordinated Financial Bonds issued in 2022 2	"	-	-	300,000	3.000%	(221)	-	299,779	
The Shanghai Commercial & Savings Bank Subordinated Financial Bonds issued in 2022 3	"	-	-	200,000	3.250%	(147)	-	199,853	
Subtotal				<u>1,300,000</u>		<u>(957)</u>	<u>-</u>	<u>1,299,043</u>	
Less: Guarantee for operating business and suit				<u>(382,500)</u>			<u>(15,121)</u>	<u>(397,621)</u>	
Total				<u>\$ 2,567,500</u>		<u>(4,582)</u>	<u>(420)</u>	<u>2,562,498</u>	

Union Insurance Co., LTD.

Statement of other financial assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Time deposit—initial maturity date over than three months		\$ 1,919,700	
Less: Securities serving as deposits paid (Note)		(47,000)	
Total		<u><u>\$ 1,872,700</u></u>	

Note: Securities serving as deposits paid are kinds of guarantee deposits paid which transfer from the time deposits pledged as collateral.

Statement of changes in right-of-use assets

Item	Beginning Balance	Increased	Decreased	Ending Balance	Note
Buildings and constructions	\$ 25,844	22,185	21,832	26,197	
Transportation equipment	9,088	814	-	9,902	
	<u><u>\$ 34,932</u></u>	<u><u>22,999</u></u>	<u><u>21,832</u></u>	<u><u>36,099</u></u>	

Union Insurance Co., LTD.

**Statement of changes in accumulated depreciation of
right-of-use assets**

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance	Increased	Decreased	Ending Balance	Note
Buildings and constructions	\$ 19,053	13,896	21,182	11,767	
Transportation equipment	4,083	2,516	-	6,599	
	<u>\$ 23,136</u>	<u>16,412</u>	<u>21,182</u>	<u>18,366</u>	

Union Insurance Co., LTD.

Statement of changes in investment property

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance			Addition			Decrease			Ending Balance			Collateral pledge	Note
	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total		
Land and improvement	\$ 727,887	-	727,887	194,546	-	194,546	(1,604)	-	(1,604)	920,829	-	920,829	None	
Buildings and constructions	217,104	-	217,104	8,085	-	8,085	(712)	-	(712)	224,477	-	224,477	"	
Total	<u>\$ 944,991</u>	<u>-</u>	<u>944,991</u>	<u>202,631</u>	<u>-</u>	<u>202,631</u>	<u>(2,316)</u>	<u>-</u>	<u>(2,316)</u>	<u>1,145,306</u>	<u>-</u>	<u>1,145,306</u>		

Union Insurance Co., LTD.

Statement of changes in accumulated depreciation of investment property

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition		Decrease		Ending Balance	Note
		Provision	Reclassification	Sold and Scrap	Reclassification		
Buildings and constructions	<u><u>\$ 88,979</u></u>	<u><u>4,861</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(360)</u></u>	<u><u>93,480</u></u>	

Note: Provision depreciated by using the straight-line method over useful life of 20 to 61 years.

Union Insurance Co., LTD.

**Statement of changes in accumulated impairment of
investment property**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition	Decrease	Ending Balance	Note
Land and improvement	\$ 2,359	-	-	2,359	
Buildings and constructions	1,958	-	-	1,958	
Total	<u>\$ 4,317</u>	<u>-</u>	<u>-</u>	<u>4,317</u>	

Union Insurance Co., LTD.

Statement of claims and payments recoverable from

reinsurers

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Yearly renewable term commercial fire insurance		\$ 10,877	
Domestic transportation insurance		32	
Marine cargo insurance		2,335	
Personal automobile physical damage insurance		80,693	
Commercial automobile physical damage insurance		4,274	
Personal automobile liability insurance		36,583	
Commercial automobile liability insurance		12,521	
Compulsory personal automobile liability insurance		40,104	
Compulsory commercial automobile liability insurance		3,579	
Compulsory motorcycle liability insurance		7,917	
Compulsory mini electric twowheel vehicle liability insurance		42	
General liability insurance		13,722	
Professional indemnity insurance		80	
Engineering insurance		10,261	
Other property insurance		2,322	
Accident insurance		8,635	
Commercial earthquake insurance		288	
Personal all risks insurance		919	
Typhoon and flood insurance		511	
Health insurance		1,307	
Overdue claims recoverable from reinsurers		36	
Total		\$ 237,038	

Union Insurance Co., LTD.

**Statement of due from and due to reinsurers and
ceding companies**

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Description</u>	<u>Debit</u>	<u>Description</u>	<u>Credit</u>	<u>Note</u>
Wilson RE (Taiwan) Limited	\$ 62,506	Marsh Ltd., Taiwan Branch	21,255	
WOCA Insurance Broker Ltd	37,811	Residential earthquake insurance fund	19,824	
Formosa Marine & Insurance Services Co Ltd.	18,822	Arthur J. Gallagher (UK) Limited	14,233	
Alexander Leed Risk Services, Inc.	16,272	W&H Insurance Broker Co.,Ltd	10,314	
Cosmos Services Company Ltd. Taiwan Branch	11,651	Central Reinsurance Corporation	8,447	
TW Insurance Brokers Ltd.	9,901	Enrich Insurance Broker Co., Ltd	5,590	
Elicon Risk Services Ltd.	9,818		-	
Foreign exchange gains (losses) and others	<u>1,052</u>	Foreign exchange gains (losses) and others	<u>18,675</u>	Each item amount is less than 5% of account balance
Subtotal	<u>167,833</u>	Subtotal	<u>98,338</u>	
Reinsurance receivable	58,428	Reinsurance payable	484,424	
Reinsurance commission receivable	63,633	Reinsurance commission payable	1,207	
Overdue from ceding companies	14,495			
Loss allowance from ceding company	<u>(14,451)</u>		<u>-</u>	
Total (net)	<u>\$ 289,938</u>		<u>583,969</u>	

Union Insurance Co., LTD.

Statement of change in property and equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition		Decrease		Ending Balance	Collateral or pledge	Note
		Purchase	Reclassification	Sold and Scrap	Reclassification			
Land	\$ 945,824	4,410	1,604	-	-	951,838	None	
Buildings and constructions	518,148	10,403	712	-	-	529,263	"	
Computer equipment	192,284	5,464	-	(5,800)	-	191,948	"	
Transportation equipment	579	-	-	-	-	579	"	
Other equipment	55,997	2,617	-	(2,522)	-	56,092	"	
Leasehold improvements	2,004	926	-	-	-	2,930	"	
Total	\$ 1,714,836	23,820	2,316	(8,322)	-	1,732,650		

Union Insurance Co., LTD.

Statement of changes in accumulated depreciation of property and equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition		Decrease		Ending Balance	Note
		Provision	Reclassification	Sold and Scrap	Reclassification		
Buildings and constructions	\$ 183,913	15,050	360	-	-	199,323	Note
Computer equipment	171,412	11,340	-	(5,800)	-	176,952	"
Transportation equipment	579	-	-	-	-	579	"
Other equipment	47,749	3,942	-	(2,522)	-	49,169	"
Leasehold improvements	1,774	348	-	-	-	2,122	"
Total	\$ 405,427	30,680	360	(8,322)	-	428,145	

Note: Both buildings and structures and miscellaneous equipment are depreciated by using the straight line method over useful life of 21 to 60 years and 3 to 9 years, respectively.

Union Insurance Co., LTD.

**Statement of changes in accumulated impairment of
property and equipment**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition	Decrease	Reclassification	Ending Balance	Note
Land	\$ 15,196	-	-	-	15,196	
Buildings and constructions	1,945	-	-	-	1,945	
Total	\$ 17,141	-	-	-	17,141	

Statement of changes in intangible assets

Items	Beginning Balance	Addition	Decrease	Reclassification	Note
Computer software	\$ 62,467	79,026	(22,392)	119,101	Note 1, 2
Golf club card	39,950	-	(2,928)	37,022	Note 3, 4
Other intangible assets - others	10,956	-	(1,909)	9,047	Note 5
Total	\$ 113,373	79,026	(27,229)	165,170	

Note 1: Cost of computer software is amortized by straight line method over useful life of 3 to 12 years.

Note 2: The increase of \$79,026 is addition and transfer from prepayments. The decrease of \$22,392 is amortization expense.

Note 3: The decrease of \$2,928 is amortization expense.

Note 4: Cost of golf club card is amortized by using the straight line method over useful life of 10 to 20 years.

Note 5: In accordance with IFRS 4, the intangible asset recognized was the difference from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issues. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

Union Insurance Co., LTD.

Statement of other assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Guarantee deposits	Operation	\$ 331,644	
	Performance bond	156,062	
	Membership	49,748	
	Others	40,080	Each item amount is less than 5% of account balance.
	Subtotal	<u>577,534</u>	
Guarantee deposits - overdue payments		20,000	
Less: Allowance for guarantee deposits - overdue payments		(20,000)	
	Subtotal	<u>-</u>	
Suspense payment		72,446	
Others		7,694	Each item amount is less than 5% of account balance.
Total		<u><u>\$ 657,674</u></u>	

Union Insurance Co., LTD.

**Statement of insurance and reinsurance indemnity
payables**

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Personal automobile physical damage insurance		\$ 5,187
Commercial automobile Physical Damage Insurance		250
Personal automobile liability insurance		2,533
Commercial automobile liability insurance		501
Compulsory personal automobile liability insurance		291
Compulsory commercial automobile liability insurance		3
Compulsory motorcycle liability insurance		118
General liability insurance		168
Engineering insurance		4
Surety insurance		1
Other Property Insurance		35
Accident insurance		518
Personal all risks insurance		273
Commercial all risks insurance		19
Health insurance		100
Total		<u>\$ 10,001</u>

Note: All of the above are direct businesses.

Union Insurance Co., LTD.
Statement of other payables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Accrued expenses	Salary compensation and year-end bonus	\$ 304,847	
	Others	45,402	Each item amount is less than 5% of account balance.
	Subtotal	<u>350,249</u>	
Accrued taxes		40,169	
Other		<u>53,849</u>	
Total		<u><u>\$ 444,267</u></u>	

Union Insurance Co., LTD.

Statement of changes in unearned premium reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 72,130	207	-	72,337	
Long-term dwelling fire insurance	57,170	(9,573)	-	47,597	
Yearly renewable term commercial fire insurance	267,346	81,839	-	349,185	
Long-term commercial fire insurance	262	(35)	-	227	
Domestic transportation insurance	10,340	(405)	-	9,935	
Marine cargo insurance	55,809	4,040	-	59,849	
Hull insurance	18,282	(11,338)	-	6,944	
Fishing vessel insurance	12,207	(361)	-	11,846	
Aviation insurance	34,479	5,729	-	40,208	
Personal automobile physical damage insurance	1,595,148	32,340	-	1,627,488	
Commercial automobile physical damage insurance	103,451	(12,403)	-	91,048	
Personal automobile liability insurance	1,140,818	17,149	-	1,157,967	
Commercial automobile liability insurance	323,357	(1,978)	-	321,379	
Compulsory personal automobile liability insurance	319,418	(2,812)	-	316,606	
Compulsory commercial automobile liability insurance	79,302	(6,011)	-	73,291	
Compulsory motorcycle liability insurance	129,132	(2,298)	-	126,834	
General liability insurance	180,934	49,093	-	230,027	
Professional indemnity insurance	20,495	9,106	-	29,601	
Engineering insurance	565,728	271,913	-	837,641	
Nuclear risks insurance	3,451	(242)	-	3,209	
Surety insurance	9,766	2,010	-	11,776	
Other property insurance	24,431	(1,041)	-	23,390	
Accident insurance	417,594	(53,059)	-	364,535	
Commercial earthquake insurance	109,279	18,627	-	127,906	
Personal all risks insurance	12,451	13,613	-	26,064	
Typhoon and flood insurance	108,177	43,615	-	151,792	
Policy-oriented earthquake insurance	149,562	484	-	150,046	
Yearly health insurance	21,784	(10,657)	-	11,127	
Compulsory mini electric two-wheel vehicle liability insurance	360	1,929	-	2,289	
Overseas ceded-in reinsurance	66,083	(47,887)	-	18,196	
Total	\$ 5,908,746	391,594	-	6,300,340	

Overseas Ceded-in Reinsurance

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 6,343	(6,115)	-	228	
Hull insurance	334	22	-	356	
Aviation insurance	579	(579)	-	-	
Other liability insurance	58,827	(41,215)	-	17,612	
Total	\$ 66,083	(47,887)	-	18,196	

Union Insurance Co., LTD.

Statement of changes in unearned premium reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 27,581	(4,286)	-	23,295	
Yearly renewable term commercial fire insurance	132,866	63,464	-	196,330	
Long-term commercial fire insurance	59	(10)	-	49	
Domestic transportation insurance	1,034	(41)	-	993	
Marine cargo insurance	47,150	503	-	47,653	
Hull insurance	18,160	(11,333)	-	6,827	
Fishing vessel insurance	9,888	400	-	10,288	
Aviation insurance	33,854	6,053	-	39,907	
Personal automobile physical damage insurance	249,956	3,754	-	253,710	
Commercial automobile physical damage insurance	13,862	(4,609)	-	9,253	
Personal automobile liability insurance	117,552	7,666	-	125,218	
Commercial automobile liability insurance	39,802	(7,613)	-	32,189	
Compulsory personal automobile liability insurance	133,576	(1,365)	-	132,211	
Compulsory commercial automobile liability insurance	36,775	(3,469)	-	33,306	
Compulsory motorcycle liability insurance	47,093	(1,227)	-	45,866	
General liability insurance	62,912	3,081	-	65,993	
Professional indemnity insurance	5,769	4,306	-	10,075	
Engineering insurance	304,136	93,178	-	397,314	
Surety insurance	5,134	919	-	6,053	
Other property insurance	4,320	(700)	-	3,620	
Accident insurance	29,470	1,524	-	30,994	
Commercial earthquake insurance	49,551	12,574	-	62,125	
Personal all risks insurance	-	6,316	-	6,316	
Typhoon and flood insurance	58,818	28,425	-	87,243	
Policy-oriented earthquake insurance	131,217	355	-	131,572	
Yearly Health insurance	6,220	(4,271)	-	1,949	
Compulsory mini electric two-wheel vehicle liability insurance	146	822	-	968	
Overseas ceded-in reinsurance	54,255	(37,741)	-	16,514	
Total	\$ 1,621,156	156,675	-	1,777,831	

Overseas Ceded-in Reinsurance

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Hull insurance	\$ 334	22	-	356	
Aviation insurance	299	(299)	-	-	
Other liability insurance	53,622	(37,464)	-	16,158	
Total	\$ 54,255	(37,741)	-	16,514	

Union Insurance Co., LTD.

Statement of changes in loss reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 26,841	(8,013)	-	18,828	
Long-term dwelling fire insurance	1,159	(186)	-	973	
Yearly renewable term commercial fire insurance	1,045,230	(130,686)	-	914,544	
Long-term commercial fire insurance	2	(1)	-	1	
Domestic transportation insurance	3,985	490	-	4,475	
Marine cargo insurance	64,085	(2,075)	-	62,010	
Hull insurance	146,480	(52,685)	-	93,795	
Fishing vessel insurance	23,624	(10,450)	-	13,174	
Aviation insurance	58,143	(7,977)	-	50,166	
Personal automobile physical damage insurance	498,933	(21,440)	-	477,493	
Commercial automobile physical damage insurance	57,156	1,558	-	58,714	
Personal automobile liability insurance	882,365	159,674	-	1,042,039	
Commercial automobile liability insurance	353,200	22,833	-	376,033	
Compulsory personal automobile liability insurance	463,175	53,556	-	516,731	
Compulsory commercial automobile liability insurance	109,237	(4,498)	-	104,739	
Compulsory motorcycle liability insurance	167,935	(520)	-	167,415	
Compulsory mini electric two-wheel vehicle liability insurance	89	525	-	614	
General liability insurance	118,623	96,890	-	215,513	
Professional indemnity insurance	9,206	2,591	-	11,797	
Engineering insurance	362,574	102,084	-	464,658	
Nuclear risks insurance	476	565	-	1,041	
Surety insurance	24,711	(181)	-	24,530	
Other property insurance	11,365	(1,717)	-	9,648	
Accident insurance	217,610	67,394	-	285,004	
Commercial earthquake insurance	55,787	(38,466)	-	17,321	
Personal all risks insurance	1,285	3,075	-	4,360	
Typhoon and flood insurance	4,210	39,656	-	43,866	
Policy-Oriented Earthquake Insurance	96	(96)	-	-	
Health insurance	109,886	(89,516)	-	20,370	
Overseas ceded-in reinsurance	9,707	(403)	-	9,304	
Total	\$ 4,827,175	181,981	-	5,009,156	

Overseas Ceded-in Reinsurance

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 2,408	10	-	2,418	
Marine cargo insurance	92	(6)	-	86	
Hull insurance	646	55	-	701	
Automobile insurance	39	(1)	-	38	
Engineering insurance	39	(13)	-	26	
Aviation insurance	2,133	(220)	-	1,913	
Other liability insurance	4,350	(228)	-	4,122	
Total	\$ 9,707	(403)	-	9,304	

Union Insurance Co., LTD.

Statement of changes in loss reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 51	(46)	-	5	
Yearly renewable term commercial fire insurance	732,153	(121,912)	-	610,241	
Domestic transportation insurance	248	66	-	314	
Marine cargo insurance	20,779	(1,052)	-	19,727	
Hull insurance	141,591	(50,937)	-	90,654	
Fishing vessel insurance	20,056	(9,474)	-	10,582	
Aviation insurance	52,886	(7,939)	-	44,947	
Personal automobile physical damage insurance	100,116	(2,280)	-	97,836	
Commercial automobile physical damage insurance	8,649	(275)	-	8,374	
Personal automobile liability insurance	118,865	8,745	-	127,610	
Commercial automobile liability insurance	46,228	(4,389)	-	41,839	
Compulsory personal automobile liability insurance	192,660	30,213	-	222,873	
Compulsory commercial automobile liability insurance	49,465	(2,813)	-	46,652	
Compulsory motorcycle liability insurance	62,802	(405)	-	62,397	
Compulsory mini electric two-wheel vehicle liability insurance	38	223	-	261	
General liability insurance	41,014	28,787	-	69,801	
Professional indemnity insurance	1,992	475	-	2,467	
Engineering insurance	260,810	68,114	-	328,924	
Surety insurance	10,073	(50)	-	10,023	
Other property insurance	883	368	-	1,251	
Accident insurance	40,204	16,264	-	56,468	
Commercial earthquake insurance	20,351	(11,810)	-	8,541	
Personal all risks insurance	144	443	-	587	
Typhoon and flood insurance	1,925	17,563	-	19,488	
Health insurance	3,332	(168)	-	3,164	
Overseas Ceded-in Reinsurance Assumed	-	62	-	62	
Less: Accumulated Impairment	-	(25)	-	(25)	
Total	<u>\$ 1,927,315</u>	<u>(42,252)</u>	<u>-</u>	<u>1,885,063</u>	

Overseas Ceded-in Reinsurance Assumed

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	<u>\$ -</u>	<u>62</u>	<u>-</u>	<u>62</u>	

Union Insurance Co., LTD.

Statement of changes in special reserves

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Compulsory personal automobile liability insurance	\$ 239,043	10,263	-	249,306	
Compulsory commercial automobile liability insurance	(458,197)	23,655	-	(434,542)	
Compulsory motorcycle liability insurance	309,295	10,883	-	320,178	
Compulsory mini electric two-wheel vehicle liability insurance	47	270	-	317	
Nuclear risks insurance	82,796	-	-	82,796	
Commercial earthquake insurance	477,429	(2,788)	-	474,641	
Typhoon and flood insurance	152,329	(2,278)	-	150,051	
Policy-oriented earthquake insurance	127,111	-	-	127,111	
Others(Note)	4,156	-	-	4,156	
Total	\$ 934,009	40,005	-	974,014	

Note: In 2013, the determination of cost of real estate and equipment based on the International Financial Reporting Standards No. 1 that approved by the Financial Supervisory Commission, the Company chose the exemption that the revaluation reserve of land and buildings according to the Generally Accepted Accounting Principles of the Republic of China, and transferred it to retained earnings. However, according to the standard of the Preparation of Financial Reports by Insurance Enterprises, the revaluation reserve that estimated by the cash flow discount approach via contractual rent of the investment real estate target as the upper limit adjustment to define the cost and the value added part. Then, to fill the unrecognized pension loss, the unrecognized transition net payment obligation, the increase on defined benefit obligation based on the change of actuarial assumptions, and the employee's paid leave liability, those adjustments increased the special by \$4,156.

Union Insurance Co., LTD.

**Statement of changes in special reserves (special reserves for
catastrophic event and fluctuation of risk)**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 83,118	10,251	(6,838)	86,531	
Long-term dwelling fire insurance	7,471	482	(880)	7,073	
Yearly renewable term commercial fire insurance	81,272	10,678	-	91,950	
Long-term commercial fire insurance	1,108	4	(14)	1,098	
Domestic transportation insurance	12,464	1,795	-	14,259	
Marine cargo insurance	95,154	4,786	-	99,940	
Hull insurance	8,174	34	-	8,208	
Fishing vessel insurance	8,210	218	-	8,428	
Aviation insurance	2,781	4	-	2,785	
Personal automobile physical damage insurance	517,821	61,641	-	579,462	
Commercial automobile physical damage insurance	5,800	1,309	-	7,109	
Personal automobile liability insurance	192,032	27,199	-	219,231	
Commercial automobile liability insurance	32,193	4,583	(260)	36,516	
General liability insurance	159,833	35,039	-	194,872	
Professional indemnity insurance	5,014	766	-	5,780	
Engineering insurance	155,987	16,105	-	172,092	
Nuclear risks insurance	44,724	2,288	-	47,012	
Surety insurance	9,285	1,469	-	10,754	
Credit insurance	719	-	-	719	
Other property insurance	20,114	2,119	-	22,233	
Accident insurance	328,192	39,970	-	368,162	
Commercial earthquake insurance	359,358	62,549	-	421,907	
Personal all risks insurance	14,984	1,796	-	16,780	
Commercial all risks insurance	8,906	-	-	8,906	
Typhoon and flood insurance	291,111	31,615	-	322,726	
Policy-oriented earthquake insurance	249,688	30,046	-	279,734	
Yearly health insurance	16,138	2,036	(8,985)	9,189	
Overseas ceded-in reinsurance	14,284	566	(44)	14,806	
Total	\$ 2,725,935	349,348	(17,021)	3,058,262	

Overseas Ceded-in Reinsurance

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Fire insurance	\$ 7,129	478	-	7,607	
Marine cargo insurance	577	1	(1)	577	
Hull insurance	1,692	-	(1)	1,691	
Fishing vessel insurance	1	-	-	1	
Automobile insurance	164	-	-	164	
Engineering insurance	600	1	(1)	600	
Aviation insurance	999	21	(41)	979	
Other property insurance	59	-	-	59	
Other liability insurance	3,063	65	-	3,128	
Total	\$ 14,284	566	(44)	14,806	

Union Insurance Co., LTD.

**Statement of changes in special reserves (special reserves for travel
insurance)**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Provision	Recovery	Ending Balance
Accident insurance	<u><u>\$ 10,314</u></u>	<u><u>12,261</u></u>	<u><u>-</u></u>	<u><u>22,575</u></u>

Union Insurance Co., LTD.

**Calculation of special reserves (special reserves for catastrophic event and
fluctuation of risk) allocated**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Retained Earned premium	Expected Claim		Retained Claim payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Yearly renewable term dwelling fire insurance	\$ 134,381	55.93%	75,156	16,605	3.00%	4,031	8,783	(2,563)	10,251
Long-term dwelling fire insurance	5,181	70.40%	3,647	(28)	1.00%	52	551	(121)	482
Yearly renewable term commercial fire insurance	266,959	60.48%	161,465	221,815	5.00%	13,348	-	(2,670)	10,678
Long-term commercial fire insurance	26	74.00%	19	(1)	5.00%	1	3	-	4
Domestic transportation insurance	19,753	60.50%	11,951	945	3.00%	593	1,651	(449)	1,795
Marine cargo insurance	96,210	60.50%	58,207	50,391	5.00%	4,811	1,172	(1,197)	4,786
Hull insurance	144	68.30%	97	(139)	5.00%	7	36	(9)	34
Fishing vessel insurance	4,985	69.30%	3,454	3,305	5.00%	249	23	(54)	218
Aviation insurance	68	72.30%	49	612	7.00%	5	-	(1)	4
Personal automobile physical damage insurance	2,700,564	65.32%	1,764,047	1,430,410	1.00%	27,006	50,045	(15,410)	61,641
Commercial automobile physical damage insurance	163,625	65.00%	106,356	109,743	1.00%	1,636	-	(327)	1,309
Personal automobile liability insurance	1,995,488	65.44%	1,305,924	1,212,302	1.00%	19,955	14,044	(6,800)	27,199
Commercial automobile liability insurance	572,959	65.14%	373,228	404,430	1.00%	5,729	-	(1,146)	4,583
General liability insurance	656,891	73.36%	481,925	233,730	1.00%	6,569	37,229	(8,759)	35,039
Professional indemnity insurance	18,184	67.30%	12,237	7,063	1.00%	182	776	(192)	766
Engineering insurance	259,278	59.30%	153,751	105,965	5.00%	12,963	7,168	(4,026)	16,105
Nuclear risks insurance	5,719	- %	-	-	- %	-	2,860	(572)	2,288
Surety insurance	15,416	72.69%	11,206	2,045	3.00%	462	1,374	(367)	1,469
Credit insurance	-	66.30%	-	65	3.00%	-	-	-	-
Other property insurance	48,955	66.30%	32,458	24,595	3.00%	1,469	1,180	(530)	2,119
Accident insurance	955,253	75.21%	718,481	491,246	1.66%	15,878	34,085	(9,993)	39,970
Commercial earthquake insurance	121,952	61.69%	75,230	(17,637)	7.00%	8,536	69,650	(15,637)	62,549
Personal all risks insurance	62,627	73.21%	45,847	35,059	1.00%	626	1,618	(448)	1,796
Commercial all risks insurance	-	65.30%	-	-	3.00%	-	-	-	-
Typhoon and flood insurance	104,875	61.67%	64,678	21,774	7.00%	7,341	32,178	(7,904)	31,615
Policy-oriented earthquake insurance	37,557	- %	-	-	- %	-	37,558	(7,512)	30,046
Yearly Health insurance	84,835	80.27%	68,095	181,386	3.00%	2,545	-	(509)	2,036
Overseas ceded-in reinsurance	8,374		5,448	5,783		283	423	(140)	566
	<u>\$ 8,340,259</u>		<u>5,532,956</u>	<u>4,541,464</u>		<u>134,277</u>	<u>302,407</u>	<u>(87,336)</u>	<u>349,348</u>

Overseas Ceded-in Reinsurance

Insurance	Retained Earned premium	Expected Claim		Retained Claim Payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Fire insurance	\$ 4,395	60.48%	2,658	141	5.00%	220	377	(119)	478
Marine cargo insurance	-	60.50%	-	(5)	5.00%	-	1	-	1
Hull insurance	-	68.30%	-	53	5.00%	-	-	-	-
Fishing vessel insurance	-	69.30%	-	-	5.00%	-	-	-	-
Automobile insurance	(139)	65.44%	-	173	1.00%	-	-	-	-
Engineering insurance	-	59.30%	-	(9)	5.00%	-	1	-	1
Aviation insurance	368	72.30%	266	3,200	7.00%	26	-	(5)	21
Other property insurance	-	66.30%	-	-	3.00%	-	-	-	-
Other liability insurance	<u>3,750</u>	67.30%	<u>2,524</u>	<u>2,230</u>	1.00%	<u>37</u>	<u>44</u>	<u>(16)</u>	<u>65</u>
	<u>\$ 8,374</u>		<u>5,448</u>	<u>5,783</u>		<u>283</u>	<u>423</u>	<u>(140)</u>	<u>566</u>

Union Insurance Co., LTD.

**Calculation of special reserves (special reserves for catastrophic event and
fluctuation of risk) recovered**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery					Total Recoverable amount	Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident	Effects of Income Tax			
Yearly renewable term dwelling fire insurance	\$ 83,118	93,369	-	(8,548)	-	1,710	(6,838)	86,531	
Long-term dwelling fire insurance	7,471	7,953	-	(1,100)	-	220	(880)	7,073	
Yearly renewable term commercial fire insurance	81,272	91,950	-	-	-	-	-	91,950	
Long-term commercial fire insurance	1,108	1,112	-	(18)	-	4	(14)	1,098	
Domestic transportation insurance	12,464	14,259	-	-	-	-	-	14,259	
Marine cargo insurance	95,154	99,940	-	-	-	-	-	99,940	
Hull insurance	8,174	8,208	-	-	-	-	-	8,208	
Fishing vessel insurance	8,210	8,428	-	-	-	-	-	8,428	
Aviation insurance	2,781	2,785	-	-	-	-	-	2,785	
Personal automobile physical damage insurance	517,821	579,462	-	-	-	-	-	579,462	
Commercial automobile physical damage insurance	5,800	7,109	-	-	-	-	-	7,109	
Personal automobile liability insurance	192,032	219,231	-	-	-	-	-	219,231	
Commercial automobile liability insurance	32,193	36,776	(325)	-	-	65	(260)	36,516	
General liability insurance	159,833	194,872	-	-	-	-	-	194,872	
Professional indemnity insurance	5,014	5,780	-	-	-	-	-	5,780	
Engineering insurance	155,987	172,092	-	-	-	-	-	172,092	
Nuclear risks insurance	44,724	47,012	-	-	-	-	-	47,012	
Surety insurance	9,285	10,754	-	-	-	-	-	10,754	
Credit insurance	719	719	-	-	-	-	-	719	
Other property insurance	20,114	22,233	-	-	-	-	-	22,233	
Accident insurance	328,192	368,162	-	-	-	-	-	368,162	
Commercial earthquake insurance	359,358	421,907	-	-	-	-	-	421,907	
Personal all risks insurance	14,984	16,780	-	-	-	-	-	16,780	
Commercial all risks insurance	8,906	8,906	-	-	-	-	-	8,906	
Typhoon and flood insurance	291,111	322,726	-	-	-	-	-	322,726	
Policy-oriented earthquake insurance	249,688	279,734	-	-	-	-	-	279,734	
Yearly Health insurance	16,138	18,174	(11,231)	-	-	2,246	(8,985)	9,189	
Overseas ceded-in reinsurance	14,284	14,850	(51)	(3)	-	10	(44)	14,806	
	\$ 2,725,935	3,075,283	(11,607)	(9,669)	-	4,255	(17,021)	3,058,262	

Overseas Ceded-in Reinsurance

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery					Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident	Effects of Income Tax	Total Recovery	
Fire insurance	\$ 7,129	7,607	-	-	-	-	-	7,607
Marine cargo insurance	577	578	-	(1)	-	-	(1)	577
Hull insurance	1,692	1,692	-	(1)	-	-	(1)	1,691
Fishing vessel insurance	1	1	-	-	-	-	-	1
Automobile insurance	164	164	-	-	-	-	-	164
Engineering insurance	600	601	-	(1)	-	-	(1)	600
Aviation insurance	999	1,020	(51)	-	-	10	(41)	979
Other property insurance	59	59	-	-	-	-	-	59
Other liability insurance	3,063	3,128	-	-	-	-	-	3,128
	<u>\$ 14,284</u>	<u>14,850</u>	<u>(51)</u>	<u>(3)</u>	<u>-</u>	<u>10</u>	<u>(44)</u>	<u>14,806</u>

Union Insurance Co., LTD.

Statement of changes in premium deficiency reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term commercial fire insurance	\$ 59,268	(46,732)	-	12,536	
Hull insurance	1,146	406	-	1,552	
Health insurance	393,777	(393,777)	-	-	
Total	\$ 454,191	(440,103)	-	14,088	

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term commercial fire insurance	\$ 57,390	(44,854)	-	12,536	
Health insurance	764	(764)	-	-	
Total	\$ 58,154	(45,618)	-	12,536	

Union Insurance Co., LTD.

Statement of provisions

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for employee benefits		<u><u>\$ 98,816</u></u>	

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Leasing Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions		2021.09.01~2028.04.30	2.70%~3.30%	\$ 14,558	
Transportation equipment		2021.04.28~2026.11.26	2.70%~2.80%	3,371	
				<u><u>\$ 17,929</u></u>	

Statement of deferred tax liabilities

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for land value-added tax		<u><u>\$ 63,920</u></u>	

Union Insurance Co., LTD.
Statement of other liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Premiums received in advance		\$ 1,452	
Guarantee deposits	Leasehold	10,162	
	Others	176	
Suspense receipts		6,986	
Others		893	Each item amount is less than 5% of account balance
Total		<u><u>\$ 19,669</u></u>	

Union Insurance Co., LTD.

Statement of retained earned premium income

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Written Premium	Reinsurance Premium	Reinsurance Expense	Retained Premium	Provision Method	Net Change in Unearned Premiums Reserve	Retained Earned Premium	Note
Yearly renewable term dwelling fire insurance	\$ 134,588	-	-	134,588	Note	207	134,381	
Long-term dwelling fire insurance	(121)	(10)	(25)	(106)	"	(3,378)	3,272	
Yearly renewable term commercial fire insurance	891,391	22,759	628,816	285,334	"	18,375	266,959	
Long-term commercial fire insurance	-	-	-	-	"	(26)	26	
Domestic transportation insurance	22,985	-	3,596	19,389	"	(364)	19,753	
Marine cargo insurance	208,116	3,900	112,268	99,748	"	3,537	96,211	
Hull insurance	20,744	-	20,605	139	"	(5)	144	
Fishing vessel insurance	28,559	1,430	25,765	4,224	"	(761)	4,985	
Aviation insurance	89,865	-	90,121	(256)	"	(324)	68	
Personal automobile physical Damage insurance	3,267,114	35	538,000	2,729,149	"	28,585	2,700,564	
Commercial automobile physical Damage insurance	173,884	-	18,053	155,831	"	(7,794)	163,625	
Personal automobile liability insurance	2,255,394	59	250,483	2,004,970	"	9,482	1,995,488	
Commercial automobile liability insurance	642,984	4	64,394	578,594	"	5,635	572,959	
General liability insurance	569,304	14,240	141,012	442,532	"	46,012	396,520	
Professional indemnity insurance	38,883	386	16,285	22,984	"	4,800	18,184	
Engineering insurance	772,401	39,202	373,591	438,012	"	178,734	259,278	
Surety insurance	23,575	1,233	8,442	16,366	"	1,091	15,275	
Other property insurance - accident	39,525	-	12,895	26,630	"	1,510	25,120	
Other property insurance- automobile	19,531	-	-	19,531	"	(2,243)	21,774	
Agricultural insurance	1,915	2,069	1,532	2,452	"	391	2,061	
Accident insurance	1,016,561	8,418	91,910	933,069	"	(54,583)	987,652	
Commercial earthquake insurance	340,045	7,684	219,724	128,005	"	6,053	121,952	
Personal all risks insurance	79,205	933	10,212	69,926	"	7,299	62,627	
Typhoon and flood insurance	346,100	7,102	233,136	120,066	"	15,191	104,875	
Health insurance	88,528	-	7,866	80,662	"	(6,386)	87,048	
Nuclear risks insurance	-	5,478	-	5,478	"	(241)	5,719	
Policy-oriented earthquake insurance	262,673	37,689	262,676	37,686	"	129	37,557	
Overseas ceded-in reinsurance — fire insurance	-	524	2,244	(1,720)	"	(6,115)	4,395	
Overseas ceded-in reinsurance — hull insurance	-	1,965	1,965	-	"	-	-	
Overseas ceded-in reinsurance — automobile insurance	-	(139)	-	(139)	"	-	(139)	
Overseas ceded-in reinsurance — aviation insurance	-	191	103	88	"	(280)	368	
Overseas ceded-in reinsurance — other liability insurance	-	-	-	-	"	(3,750)	3,750	
Compulsory personal automobile liability insurance	673,060	192,512	264,421	601,151	"	(1,448)	602,599	
Compulsory commercial automobile liability insurance	121,418	35,563	66,613	90,368	"	(2,542)	92,910	
Compulsory motorcycle liability insurance	149,301	71,214	65,759	154,756	"	(1,071)	155,827	
Compulsory mini electric two-wheel vehicle liability insurance	3,262	834	1,218	2,878	"	1,108	1,770	
Total	\$ 12,280,790	455,275	3,533,680	9,202,385		236,828	8,965,557	

Note : The provision methods of unearned premiums reserve are determined by an actuary according to the characteristics of each insurance, and are stated in the instruction of insurance commodity calculation, and shall not be changed without the approval of the competent authority. The Company has submitted the provision method of unearned premiums reserve on Letter (Wang) Zong Jing Suan No. 1112 on October 24, 2011, and has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 10002518120.

Union Insurance Co., LTD.

Statement of interest income

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Government bonds, financial bonds, and corporate bonds		\$ 85,104	
Cash in banks		43,042	
Others	Imputed-interest for deposit	1,781	Each item amount is less than 5% of account balance.
Total		<u><u>\$ 129,927</u></u>	

Statement of gain (loss) on financial assets and liabilities at fair value through profit or loss

Items	Description	Amount	Note
Equity instrument	Realized gains (losses)	\$ 196,781	
	Valuation gains (losses)	147,957	
Liability instrument	Realized gains (losses)	26,235	
	Valuation gains (losses)	<u>(5,113)</u>	
		<u><u>\$ 365,860</u></u>	

Union Insurance Co., LTD.

**Statement of realized gain (loss) on financial assets at
fair value through other comprehensive income**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Equity instrument:		
Cash dividends	<u>\$ 90,790</u>	

Statement of foreign exchange gain (loss)

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Valuation for foreign currency deposits		<u>\$ 1,066</u>	

Statement of gain (loss) on investment property

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Rental revenue	\$ 43,287	
Depreciation expense	<u>(4,861)</u>	
Total	<u>\$ 38,426</u>	

Union Insurance Co., LTD.

**Statement of expected credit loss and reversal on
investment**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Impairment Losses	Reversal of Impairment losses	Note
Financial bonds	\$ 479	-	
Corporate bonds	2,997	-	
	<u>\$ 3,476</u>	<u>-</u>	

Statement of other operating income or cost

Items	Description	Amount	Note
Income:			
Exchange gains — non-investment		\$ 18,681	
Total		<u>\$ 18,681</u>	
Costs:			
Exchange losses — non-investment		\$ 17,916	
Reserve for industry stability fund		12,485	
Others		49	
Total		<u>\$ 30,450</u>	

Union Insurance Co., LTD.

Statement of retained claims payments

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Claim(included related expense)	Reinsurance claim	Claims recovery from reinsurers	Retained claim payment	Note
Yearly renewable term dwelling fire insurance	\$ 24,368	-	-	24,368	
Long-term dwelling fire insurance	112	20	30	102	
Yearly renewable term commercial fire insurance	616,136	5	389,898	226,243	
Domestic transportation insurance	588	-	59	529	
Marine cargo insurance	74,364	(24)	23,017	51,323	
Hull insurance	39,700	-	39,745	(45)	
Fishing vessel insurance	38,452	170	34,663	3,959	
Aviation insurance	18,114	-	17,773	341	
Personal automobile physical damage insurance	1,758,641	-	310,552	1,448,089	
Commercial automobile physical damage insurance	126,690	-	18,757	107,933	
Personal automobile liability insurance	1,221,890	-	157,862	1,064,028	
Commercial automobile liability insurance	431,232	-	53,587	377,645	
General liability insurance	209,433	3,302	43,936	168,799	
Professional indemnity insurance	6,013	-	1,024	4,989	
Engineering insurance	298,264	11,981	235,893	74,352	
Surety insurance	711	1,620	210	2,121	
Credit insurance	(12,818)	(86)	(12,970)	66	
Other property insurance — accident	10,177	(1)	6,096	4,080	
Other property insurance — automobile	20,467	-	-	20,467	
Agricultural insurance	3,480	1,333	2,783	2,030	
Accident insurance	488,055	2,549	48,464	442,140	
Commercial earthquake insurance	11,611	-	3,576	8,035	
Personal all risks insurance	33,798	1,303	2,532	32,569	
Typhoon and flood insurance	1,313	-	673	640	
Health insurance	275,490	-	8,974	266,516	
Nuclear risks insurance	-	12	-	12	
Policy-Oriented Earthquake Insurance	-	96	-	96	
Overseas ceded-in reinsurance — fire insurance	-	194	5	189	
Overseas ceded-in reinsurance — hull insurance	-	(2)	-	(2)	
Overseas ceded-in reinsurance — automobile insurance	-	174	-	174	
Overseas ceded-in reinsurance — engineering insurance	-	3	-	3	
Overseas ceded-in reinsurance — aviation Insurance	-	3,418	-	3,418	
Overseas ceded-in reinsurance — other liability insurance	-	15,627	13,190	2,437	
Compulsory personal automobile liability insurance	437,269	184,492	264,560	357,201	
Compulsory commercial automobile liability insurance	54,647	31,498	32,120	54,025	
Compulsory motorcycle liability insurance	110,872	70,180	65,006	116,046	
Compulsory mini electric twowheel vehicle liability insurance	115	24	69	70	
Total	\$ 6,299,184	327,888	1,762,084	4,864,988	

Union Insurance Co., LTD.

Statement of commission expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Commission expense from underwriting:			
Yearly renewable term dwelling fire insurance		\$ 22,011	
Long-term dwelling fire insurance		(27)	
Yearly renewable term commercial fire insurance		76,490	
Domestic transportation insurance		3,291	
Marine cargo insurance		21,912	
Hull insurance		1,416	
Fishing vessel insurance		1,246	
Aviation insurance		5,353	
Personal automobile physical damage insurance		576,929	
Commercial automobile physical damage insurance		31,329	
Personal automobile liability insurance		395,545	
Commercial automobile liability insurance		111,881	
Compulsory personal automobile liability insurance		106,990	
Compulsory commercial automobile liability insurance		3,853	
Compulsory motorcycle liability insurance		13,675	
General liability insurance		106,971	
Professional indemnity insurance		5,853	
Engineering insurance		56,450	
Surety insurance		3,565	
Other property insurance		8,891	
Accident insurance		242,151	
Commercial earthquake insurance		27,378	
Personal all risks insurance		21,047	
Typhoon and flood insurance		29,077	
Policy-oriented earthquake insurance		15,218	
Health insurance		25,174	
Compulsory mini electric two-wheel vehicle liability insurance		199	
Total		<u><u>\$ 1,913,868</u></u>	

Union Insurance Co., LTD.

Statement of commission expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Reinsurance commission expense:			
Long-term dwelling fire insurance		\$ (4)	
Yearly renewable term commercial fire insurance		499	
Fishing vessel insurance		205	
Personal automobile physical damage insurance		6	
Personal automobile liability insurance		2	
Commercial automobile liability insurance		1	
General liability insurance		3,405	
Professional indemnity insurance		28	
Engineering insurance		11,761	
Nuclear risks insurance		308	
Surety insurance		2	
Accident insurance		151	
Commercial earthquake insurance		190	
Personal all risks insurance		140	
Typhoon and flood insurance		175	
Policy-oriented earthquake insurance		202	
Reinsurance assumed business		12	
Total		<u>\$ 17,083</u>	

Union Insurance Co., LTD.

Statement of finance costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Amount
Deferred interest expense	Deferred interest payment due to claim disputation	\$ 6,815	
Interest expense of lease liability		450	
Total		<u>\$ 7,265</u>	

Statement of general expenses

Items	Description	Amount	Remarks
Salary expense	Employee salary and year-end bonuses	\$ 609,015	
Taxes	Value-added and stamp tax	268,449	
Entertainment expense		271,654	
Advertisement expense		141,439	
Handling fee		122,020	
Others		334,529	Each item amount is less than 5% of account balance.
Total		<u>\$ 1,747,106</u>	

Union Insurance Co., LTD.

Statement of administrative expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary expense	Employee salary and year-end bonuses	\$ 209,299	
Professional service expense		66,103	
Amortization expense		22,110	
Postage expense		21,162	
Others		85,972	Each item amount is less than 5% of account balance.
Total		<u>\$ 404,646</u>	

Union Insurance Co., LTD.

**Summary of employee benefits, depreciation,
depletion and amortization expenses by functional
account**

For the year ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Function Nature	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits						
Salaries	391,675	801,883	1,193,558	380,638	747,695	1,128,333
Labor and health insurance	-	86,370	86,370	-	83,443	83,443
Pension	-	42,494	42,494	-	41,535	41,535
Remuneration of directors	-	17,077	17,077	-	13,159	13,159
Others	-	47,499	47,499	-	44,703	44,703
Depreciation	4,861	47,092	51,953	4,813	48,727	53,540
Amortization	-	25,320	25,320	-	17,266	17,266

An additional information on the numbers of employees and employee benefits of The Company for 2023 and 2022 were as follow:

	2023	2022
Employees	<u>1,108</u>	<u>1,109</u>
Numbers of directors-non-employees	<u>8</u>	<u>8</u>
Average expense employee benefits	<u>\$ 1,245</u>	<u>1,179</u>
Average employee salary expense	<u>\$ 1,085</u>	<u>1,025</u>
Adjustment to average employee salaries and wages	<u>5.85%</u>	
Supervisor's remuneration	<u>-</u>	<u>-</u>

Remuneration policy (includes directors, managers and employees):

(1) Directors and appointed managers:

(a) It is handled in accordance with the Company's "Salary and Remuneration Committee Organizational Rules", "Performance and Salary and Remuneration Evaluation Methods for Directors and Managers" and "Performance System and Evaluation Mechanism for the Chairman and General Manager".

(b) Directors:

(i) The salary and remuneration of the Company's directors is based on a monthly salary system, and transportation fees are paid based on actual attendance of the board of directors and their respective functional committees.

- (ii) The remuneration of the chairman of the Board also includes an annual performance bonus and is handled in accordance with the "Performance System and Evaluation Mechanism for the Chairman and General Manager".
 - (iii) The remuneration of the Company's directors (including transportation fees) is based on the provisions of the Articles of Incorporation, and the amount is authorized to be paid by the Board of Directors according to usual standards of the industry.
- (c) Appointed managers:
- (i) The remuneration of appointed managers is based on a monthly salary system plus various bonuses; they are in nature to motivate or reward appointed managers ; and depend on the Company's overall operating performance during the year and the achievement of the unit. They include year-end and variable performance bonuses, etc.
 - (ii) The remuneration of the general manager is handled in accordance with the content stipulated in the appointment contract, and "Performance System and Evaluation Mechanism for the Chairman and General Manager".
 - (iii) The remuneration of the Company's appointed managers is based on the regulations of the Articles of Incorporation, which shall be submitted to the Board of Directors for discussion.
- (d) Regarding the distribution of flexible bonuses to the Company's directors and appointed managers, the Company's overall operating results for the year and the comprehensive evaluation of the operating performance of the units under its jurisdiction shall be considered. Reasonableness and fairness and the provisions of the Articles of Incorporation shall be paid attention to during the evaluation.
- (e) The salary and remuneration of the directors and appointed managers of the Company shall be discussed by the salary and remuneration committee before the board of directors resolution.

(2) Employee:

The employees' annual salary includes 12-months salary, year-end bonus and employee compensation. Year-end bonuses are paid based on the Company's operating performance and individual employee performance for the year; employee compensation is based on the Company's Articles of Incorporation. If the Company makes a profit during the year, one to five percent shall be allocated as employee compensation. However, if the Company still has accumulated losses, it shall first make up for the accumulated losses before the balance can be allocated and distributed.

Union Insurance Co., LTD.

Statement of non-operating income and expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Recovery claim		\$ 10,073	
Miscellaneous income		134	
Recovery service expense		<u>(2,693)</u>	
Total		<u><u>\$ 7,514</u></u>	

(English Translation of Other Disclosures in Financial Reports and Report Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Other Disclosures in Financial Reports

For the Year Ended December 31, 2023

Union Insurance Co., LTD.
Review Report of Other Disclosures in Financial Reports

To the Board of Directors
Union Insurance Co., LTD.:

We have entrusted to audit the financial statements of Union Insurance Co., LTD. for the year ended December 31, 2023. Our audit was made in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China, and we issued the audit report thereon on March 12, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached “Other Disclosures in Financial Reports” (Other Disclosures) is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. We have reviewed the information included in the Other Disclosures in accordance with article 25 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Based on our review, the Other Disclosures in Financial Reports of Union Insurance Co., LTD. for the year ended December 31, 2023, are in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The financial information disclosed is consistent with the basic financial statements, and does not need any modification.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wu, Cheng-Yen and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

The independent auditors’ audit report and the accompanying other disclosures in financial reports are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ audit report and other disclosures in financial reports, the Chinese version shall prevail.

UNION INSURANCE CO., LTD.

Other Disclosures in Financial Reports

For the year ended December 31, 2023

(1) Information on business conditions

(a) Significant business matters

- (i) Acquisition or merger: None.
- (ii) Demerger: None.
- (iii) Change in management rights (equity) reaching 10% or more: None.
- (iv) Transfer of business: None.
- (v) Investments in affiliated enterprises arising over the most recent 5 fiscal years

(In Thousands of New Taiwan Dollars/shares)

Name of investee	2023		2022		2021		2020		2019	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
China Insurance (Thai) Public Company Limited	-	-	-	-	-	-	-	-	39,080	3,743

Note: On December 30, 2019, the Board of Directors of the Company approved to sell China Insurance (THAI) Public Company Ltd., the subsidiary of the Company. All shares would be transferred in January 2020.

- (vi) Reorganization: None
- (vii) Acquisition or disposal of major assets arising over the most recent 5 fiscal years

1) Acquisition of major assets

(In Thousands of New Taiwan Dollars)

Type of property	Acquisition date		Amount	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference for price	Purpose of acquisition	Current condition
	Date of contract	Occurrence date				Counterparty	Relations with the Company	Date	Amount			
Property	2021.5.12	2021.8.4	167,020	Natural person	Non related parties	-	-	-	-	Appraisal report	Owner-occupied property	Owner-occupied property
Property	2023.08.12	2023.11.01	202,222	Natural person	Non related parties	-	-	-	-	Appraisal report	Invest property	Invest property

2) Disposal of major assets: None

- (viii) Significant changes in operation method (including sales system) or business activity

The Company's main business is property insurance, engaging in the sales of various insurances and related business operations. There was no major change in the last five years.

(Continued)

- (b) Remuneration to directors, supervisors, president, vice presidents, and Chairmen of the board and presidents rehired as consultants after retiring from the insurance enterprise or its affiliate enterprises and related information
- (i) Remuneration paid to directors, supervisors, president, vice presidents, and consultants
- 1) Remuneration to directors (include independent directors)

(In Thousands of New Taiwan Dollars)

Title	Name	Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income				Relevant remuneration received by directors who are also employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income				Compensation paid to directors from an invested company other than the Company's subsidiary					
		Compensation (A)		Retirement pension (B)		Bonus to directors (C)		Business execution fee (D)						Salary, bonuses, and allowances (E)		Retirement pension (F)		Employees' compensation (G)													
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated							
										Total	Ratio	Total	Ratio					Total	Ratio	Cash	Stock	Cash	Stock	Total	Ratio		Total	Ratio			
Director	Director of the Board	WANT-WANT Co., Ltd.	-	-	-	-	-	-	-	-	-	%	-	-	-	-	-	-	-	-	-	-	-	-	%	-	-	%	None		
Director	President of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, CHI-HSIUNG)	10,000	-	-	-	-	-	1,559	-	11,559	0.96%	-	-	-	-	-	-	-	-	-	-	11,559	0.96%	-	-	%	-	-	%	"
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, HSU, HAI-LUN)	120	-	-	-	-	-	120	-	240	0.02%	-	-	-	-	-	-	-	-	-	-	240	0.02%	-	-	%	-	-	%	"
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, HSU, SHIH-WED)(Note5)	423	-	-	-	-	-	50	-	473	0.04%	-	-	-	-	-	-	-	-	-	-	473	0.04%	-	-	%	-	-	%	"
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, LU, JING-YI) (Note6)	55	-	-	-	-	-	60	-	115	0.01%	-	-	-	-	-	-	-	-	-	-	115	0.01%	-	-	%	-	-	%	"
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, MA, CHIA -YING)	780	-	-	-	-	-	110	-	890	0.07%	-	-	-	-	-	-	-	-	-	-	890	0.07%	-	-	%	-	-	%	"
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, YUNG TSUNG)	120	-	-	-	-	-	120	-	240	0.02%	-	-	-	-	-	-	-	-	-	-	240	0.02%	-	-	%	-	-	%	
Director	Director of the Board	WANT-WANT Co., Ltd. (legal representative, LIU, CHIH MING)	120	-	-	-	-	-	120	-	240	0.02%	-	-	7,516	-	108	-	17	-	-	-	7,881	0.66%	-	-	%	-	-	%	"
Independent Director		WANG,TUNG-L IANG	780	-	-	-	-	-	330	-	1,110	0.09%	-	-	-	-	-	-	-	-	-	-	1,110	0.09%	-	-	%	-	-	%	"
Independent Director		LIU, HUANG-CHI	780	-	-	-	-	-	320	-	1,100	0.09%	-	-	-	-	-	-	-	-	-	-	1,100	0.09%	-	-	%	-	-	%	"
Independent Director		MA, YU-FENG	780	-	-	-	-	-	330	-	1,110	0.09%	-	-	-	-	-	-	-	-	-	-	1,110	0.09%	-	-	%	-	-	%	"

Except listed above, there are 0 thousand dollars remuneration for services directors provided to all companies in financial statements, such as being consultants who are non-employees.

Note1: The relationship between the policy, the regulation, the structure, and the standard of remuneration paid to independent directors and the amount of remuneration:

- (1) According to Art. 36.2 of the Articles of Incorporation of the Company, the remuneration paid to independent directors is reasonably decided by the Board. Independent directors would not participate in earning distribution. Regarding to the amount of remuneration(including the amount of reward for driver), by Art. 28 of the Articles of Incorporation of the Company, is decided by the Board, which refers to the standard of the same trade.
- (2) According to the regulation of remuneration paid to directors and functional committee members, independent directors are given fixed payment without participating in earning distribution.
- (3) According to the regulation of performance and remuneration of directors and managers, they should follow the principle of sustainable development and stable profits and keep from high-risk operating model and high-volatility investment strategy.

Note2: Employment data of the year 2023.

Note3: Retirement pension contains provision and payment.

Note4: The amount of reward for driver of \$1,645 was exclude.

Note5: Dismissed on July 17, 2023.

Note6: Appointed on July 17, 2023.

Note7: Because of accumulated deficits in 2023, directors' remuneration was not distributed.

(Continued)

Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of remuneration (A+B+C+D)		Total of remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements (H)	The Company	All companies in the consolidated financial statements (I)
Under TWD 1,000,000	WANT-WANT Co., Ltd. ; Legal representative of WANT-WANT Co., Ltd. : HSU, HAI-LUN ; HSU, SHIH-WEI ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-	WANT-WANT Co., Ltd. ; Legal representative of WANT-WANT Co., Ltd. : HSU, HAI-LUN ; HSU, SHIH-WEI ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	-	-	-	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	-	-	-	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	-	-	Legal representative of WANT-WANT Co., Ltd., : LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	Legal representative of WANT-WANT Co., Ltd., : HUNG, CHI-HSIUNG	-	Legal representative of WANT-WANT Co., Ltd., : HUNG, CHI-HSIUNG ;	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-	-	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-	-	-
Over TWD 100,000,000	-	-	-	-
Total	11 people	-	11 people	-

Note: Listing legal director and representative respectively.

2) Remuneration paid to supervisors: None.

3) Remuneration paid to president and vice presidents

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income				Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated		
								Cash	Stock	Cash	Stock	Amount	Ratio	Amount	Ratio	
President	LIU, CHIH-MING	3,600	-	108	-	3,916	-	17	-	-	-	7,641	0.64%	-	-	None
Vice President	TSAO, SHENG-KUA NG	15,987	-	996	-	11,539	-	74	-	-	-	28,596	2.38%	-	-	None
Vice President	WU,FU-CHE NG															
Vice President	PAN, SHAO-YUN															
Vice President	TSAI, WAN-HUA															
Vice President	HSU, JUI-LIN															
Vice President	YEN, KUO-CHUNG															
Vice President	CHEN, TAI-LUNG (Note 1)															
Vice President	LAI, SUNG-YEN (Note1)															
Chief Compliance Officer	CHANG, FU-SHENG (Note2)															
Chief Compliance Officer	WANG, LI-HUNG															
Chief Compliance Officer	KO, CHINGHUA															

Note1: Appointed on November 1, 2023.

Note2: Dismissed on November 1, 2023..

Note3: The amount of reward for driver of \$882 was excluded.

Note4: Retirement pension contains provision and payment.

Note5: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

(Continued)

Range of remuneration

Range of remuneration paid to president and vice presidents	Name of president and vice presidents	
	The Company	All companies in the consolidated financial statements (E)
Under TWD 1,000,000		-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	CHANG, FU-SHENG ; CHEN, TAI-LUNG ; LAI, SUNG-YEN	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	WU, FU-CHENG ; PAN, SHAO-YUN ; TSAI, WAN-HUA ; HSU, JUI-LIN ; YEN, KUO-CHUNG ; WANG, LI-HUNG ; KO, CHING-HUA	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	TSAO, SHENG-KUANG	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	-	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-
Over TWD 100,000,000	-	-
Total	12 people	-

4) Top 5 managers' remuneration of the listed insurance companies .

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income		Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements				
								Cash	Stock	Cash	Stock	The Company	All companies in the consolidated	
President	LIU, CHIH-MING	3,600	-	108	-	3,916	-	17	-	-	-	7,641	0.64%	None
Vice President	TSAO, SHENG-KUANG	1,982	-	108	-	1,490	-	9	-	-	-	3,589	0.30%	"
Senior Manager	PAN, SHAO-YUN	1,931	-	166	-	1,322	-	8	-	-	-	3,427	0.29%	"
Vice President	HSU, JUI-LIN	1,800	-	54	-	1,531	-	7	-	-	-	3,392	0.28%	"
Vice President	WU, FU-CHENG	1,830	-	108	-	1,336	-	9	-	-	-	3,283	0.27%	"

Note1: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

5) Employees' compensation distributed to managers

(In Thousands of New Taiwan Dollars)

Item	Title	Name	Bonus - in Stock	Bonus - in Cash	Total	Ratio of total amount to net income (%)
Management	President	LIU, CHIH-MING	-	245	245	0.02%
	Vice President	TSAO, SHENG-KUANG				
	Vice President	WU, FU-CHENG				
	Vice President	TSAI, WAN-HUA				
	Vice President	PAN, SHAO-YUN				
	Vice President	HSU, JUI-LIN				
	Vice President	YEN, KUO-CHUNG				
	Vice President	CHEN, TAI-LUNG				
	Vice President	LAI, SUNG-YEN				
	Chief Audit Officer	WANG, LI-HUNG				
	Chief Compliance Officer	KO, CHING-HUA				
	assistant vice president	HUANG, CHIN-PIN				
	assistant vice president	LAI, TUNG I				
	Manager	WU, PI-TU				
	Manager	YEN, HSU NAN				
	Manager	LIN, TSANG-CHING				
	Manager	CHEN, MEI LING				
	Manager	CHENG, KUO-JUNG				
	Manager	LO, KUO-JEN(Note 3)				
	Manager	TSENG, MEI HUI				
	Manager	TSAI, YUAN-HSIEN				
	assistant vice president	CHANG, SUNG TSE				
	Senior Manager	LI, HUI YING				
	Senior Manager	LIN, TSANG CHING				
	assistant vice president	HSU, CHE CHANG				
	Senior Manager	TSUI, CHUAN SHENG				
	Senior Manager	HUNG, KUO CHUN				
	assistant vice president	WU, TA CHUN				
	Senior Manager	LI, WEN JUI				
	Senior Manager	WU, YI CHENG				
	Senior Manager	WU, SHU-CHUAN				
	Manager	LIN, HOUNG-HUA				
	Manager	LIU, SEN-JUNG				
	Manager	TING, YU-SHENG				
	Manager	WU, HSING KUN				
	Senior Manager	HSU, CHUN YU				
	Manager	HSU, MIN-YUAN				
	Manager	LIN, HSING YI				
	Chief Financial Officer	HSUEH, CHANG-HSIAO				
	Chief Accounting Officer	KUO, FEI WEN				

Note 1: Employment data on December 31, 2023.

Note 2: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

Note3: Dismissed on January 1, 2024.

(Continued)

- 6) Chairmen of the board and presidents rehired as consultants after retirement: None.
- (ii) The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.
- (c) Labor-management relations
 - (i) Agreements between labor and management and the implementation
 - 1) Employee benefit policies

The Company established Employees' Welfare Committee, which is comprised of employees recommend. They hold various of welfare activities in accordance with Rules for Employees' Welfare.
 - 2) Professional development and training

The Company provides employees systematic and professional education training in concert with interdisciplinary learning program, multiple training program, and self-learning program.
 - 3) Retirement programs

In compliance with the Labor Standards Act and Labor Pension Act, the Company shall make a monthly contribution to the labor pension reserve funds and labor pension funds. The calculation of the defined benefit obligations is performed annually by a qualified actuary with actuarial report to protect the workers' rights and interests.
 - 4) Other major agreements: None.
 - (ii) Loss sustained as a result of labor disputes in the most recent 3 fiscal years: None.
 - (iii) Violation of the Labor Standards Act found during the labor inspection: None.
- (d) Cyber Security Management
 - (i) Implementation of Cyber Security Management
 - 1) Structure of cyber security risk management

The Company has established the Cyber Security Management Promotion Committee, which is responsible for the discussion and resolution of matters related to the cyber security management system. The cyber security management promotion committee includes the cyber security executive team, the cyber security audit team and the cyber security incident notification team. The cyber security executive team is responsible for planning, establishment, implementation, maintenance, review and continuously improving the Company's cyber security management system in accordance with the resolutions of the Committee. The cyber security audit team is responsible for evaluating the implementation and compliance of the cyber security management system and conducting audits. The cyber security incident notification team performs cyber incident reporting and business continuity management projects.

(Continued)

2) Policy of cyber security

To ensure a normal, safe and stable operation of the Company's information system services, the cyber security management system that regulates the maintenance and operation process of the Company's information platform is the highest guideline to establish secure and reliable information system services, to ensure the confidentiality, integrity and availability of information assets, to meet the requirements of relevant laws and regulations, to maintain the continuous operation of the information platform, to reduce information operation risks, and to protect the rights of information system service users.

a) Information Security Policy Statement

The ultimate goal of the Company's information security work is to ensure the safety and effective operation of the information processing operations of the information platform through the management of personnel, operations and information technology, as well as to prevent security incidents affecting the confidentiality, integrity and availability of information during the information processing operations in order to protect the privacy rights of customers and personal information.

- i) The Information Management Promotion Committee was established to be responsible for the establishment and promotion of the Company's information security management system.
- ii) Evaluate the relevant laws and regulations and operational requirements, conduct information risk assessment of information assets, determine information operation security requirements, establish operation standard procedures, and adopt appropriate information security measures to ensure information asset security.
- iii) Establish an evaluation or assessment system based on the roles and functions of personnel, and conduct information security education and training and promotional activities according to actual needs.
- iv) Grant access rights to information assets according to business needs, taking into account the limit of authorization, segregation of authorization and responsibility, as well as independence review.
- v) Establish information on security incident management procedures to ensure proper incident response, control and handling, develop business continuity plans, as well as conduct regular drills to ensure the continued operation on information systems or services.
- vi) Handle and protect personal information and intellectual property rights in accordance with the relevant provisions of the Personal Information Protection Act and the Intellectual Property Rights.
- vii) Perform information security audits regularly to review the implementation of the information security management system.
- viii) All employees of the Company shall be responsible for information security and comply with the relevant information security management regulations.
- ix) The policy shall be effective upon announcement after being approved by the Board of Directors, and shall also be effective upon amendment.

(Continued)

b) Information Security Goal

- i) The Company aims to protect the confidentiality, integrity and availability of information assets in order to:
 - 1. Maintain the business continuity of the information platform maintenance process.
 - 2. Protect the information assets related to the information platform maintenance process from improper or illegal use, and stop hackers, viruses, and other intrusive and destructive behaviors.
 - 3. Establish standard operating procedures for information platform maintenance processes to avoid human errors and accidents, as well as to enhance the awareness of information security among employees.
- ii) This policy shall be evaluated at least once a year to reflect the latest developments in relevant laws and regulations, technology and the Company's business, and shall be revised as appropriate.

3) Specific Management Solutions

- a) The Information Security Promotion Committee shall convene a management review meeting at least once a year, and if necessary, an ad hoc meeting.
- b) The minutes of the meeting which the management reviews should include the following:
 - i) Status of implementation of resolutions at the previous management review meeting: Follow-up on the issues resolved at the previous meeting.
 - ii) Changes on internal and external issues related to information security management system: Review on the entire identification results of the organization.
 - iii) Feedback on information security performance, including the following trends:
 - 1. Non-conforming items and corrective measures: Proper handling of information on safety events and improvement operations.
 - 2. Supervision and measurement results.
 - 3. Audit results: Information security internal and external audit results and suggested improvement items.
 - 4. Achievement of information on security objectives: Implementation of status report regarding the information security objectives.
 - iv) Feedback from observers: Suggestions from employees, third parties and other stakeholder groups.
 - v) Risk assessment results and status of risk management plan: Risk assessment and feedback review.
 - vi) Opportunities for continuous improvement: Suggestions for improving information security that can be provided.

(Continued)

- c) The conclusion of the minutes of the meeting should include that the output of the management review should include decisions related to continuous improvement concerning opportunities and any need for changes on the information security management system.
 - d) Management review is an important activity of the information security management system, and the review records should be handled in accordance with the record management requirements of the information security management system.
- 4) Input resources for Ares security management
 - a) WAF information security device protection
 - b) HiNet DDoS protection
 - c) Annual evaluation on information security evaluation
 - d) Annual exercises on social engineering
 - e) Annual implementation of ISO27001 certification
 - f) Import of Microsoft WVD two-factor certificate
 - g) Privilege connection monitoring mechanism
 - h) Employee account behavior pattern analysis
 - i) Adaption of credit card identification mechanism
 - j) Introduction on DLP personal data protection system
 - k) Plan on introducing website anti-replacement system
- (ii) Losses due to significant information security incidents in the most recent year: None.
- (iii) Impact of Ares security risk on the Company's financial operations and measures to address it.

The Company has established internal operation regulations related to information security to strengthen the implementation of internal audit and internal control. It promptly controls any information security incidents to effectively reduce any damage in order to protect customer data security and achieve sustainable business operation.

- (e) Changes in president, chief audit officer and actuaries in the most recent 2 years
 - (i) Changes in president, chief audit officer: None
 - (ii) Changes in qualified actuaries: None
- (f) Changes in the method for provision of all kinds of reserves: None.
- (g) The situation in the most recent year where its shareholders meeting has adopted the resolution to carry out capital increase or decrease or its Board of Directors (council) has adopted the resolution to issue new shares but the application (or filing) has not been approved (or has not been approved for record) by the FSC, or where its application for capital change registration has not been approved by the Ministry of Economic Affairs: None.

(Continued)

- (h) Cases of claim payment and claim recovery from reinsurer involving amount exceeding NT\$20 million in the most recent 3 years and financial impact analysis

For the year ended December 31, 2023			
	Insurance Claim Payment	Claims Recoverable from Reinsurers	Retained Claim Payment
Insurance	(A)	(B)	(C)=(A)-(B)
Commercial fire insurance	\$ 662,838	458,091	204,747
Engineering Insurance	214,124	176,369	37,755
Typhoon and flood Insurance	20,000	10,927	9,073
Fishing Insurance	23,088	20,779	2,309
	\$ 920,050	666,166	253,884
For the year ended December 31, 2022			
	Insurance Claim Payment	Claims Recoverable from Reinsurers	Retained Claim Payment
Insurance	(A)	(B)	(C)=(A)-(B)
Commercial fire insurance	\$ 678,389	467,639	210,750
Hull insurance	21,460	21,460	-
	\$ 699,849	489,099	210,750
For the year ended December 31, 2021			
	Insurance Claim Payment	Claims Recoverable from Reinsurers	Retained Claim Payment
Insurance	(A)	(B)	(C)=(A)-(B)
Commercial fire insurance	\$ 570,600	548,100	22,500
Hull insurance	30,011	30,004	7
	\$ 600,611	578,104	22,507

- (i) Names of reinsurers to whom the reinsurance premium expenses paid in the most recent year account for more than 1% of total premium income and the credit rating of those reinsurers

Reinsurer	Credit Rating	Credit Rating Agency
Central Reinsurance Corporation	A	S & P
Hannover Rueck SE Malaysian Brance	AA-	S & P
Swiss Re Asia Pte. Ltd, Hong Kong Branch	AA-	S & P

- (j) Entrust credit rating agency to rating reinsurers

The Company entrusted Taiwan Ratings to make the credit rating in connection with financial condition and issuer. On September 19, 2023, the result of Taiwan Ratings is twAA, and the credit rating vision is stable. On September 19, 2023, the result of Standard & Poor 's is A-, and the credit rating vision is stable. On June 1, 2023, the result of A.M. Best Company is A-, and the credit rating vision is stable.

(Continued)

(2) Market price of securities, dividend and dispersion of ownership

(a) Per share market price, net worth, earnings per share, dividends in the past 2 years

(New Taiwan Dollars/in Thousands of shares)

Item		Year	2023	2022
Market price per share	Highest		42.00	21.40
	Lowest		14.85	13.50
	Average		23.61	17.28
Net worth per share	Before distribution		27.28	21.49
	After distribution		Note 2	Note 1
Earnings per share	Weighted average number of ordinary shares		223,608	223,608
	Earnings per share		5.37	(5.91)
Dividends per share	Cash dividend		Note 2	Note 1
	Issuance of bonus shares	Stock dividend from retained earnings	-	-
		Stock dividend from capital reserve	-	-
	Accumulated undistributed dividends		-	-
Analysis of return on investment	Price-earnings ratio		Note 2	Note 1
	Price-dividend ratio		Note 2	Note 1
	Cash dividend yield		Note 2	Note 1

Note 1: There are accumulated deficits in 2022.

Note2: There are accumulated deficits in 2023

(Continued)

(b) Dispersion of ownership

(i) Common shares

Ordinary Par Value Per Share NT10		As of December 31, 2023	
Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1 ~ 999	8,343	1,559,532	0.6974%
1,000 ~ 5,000	3,144	6,601,361	2.9522%
5,001 ~ 10,000	628	4,636,748	2.0736%
10,001 ~ 15,000	224	2,675,280	1.1964%
15,001 ~ 20,000	126	2,290,334	1.0243%
20,001 ~ 30,000	128	3,167,221	1.4164%
30,001 ~ 40,000	61	2,128,435	0.9519%
40,001 ~ 50,000	40	1,796,884	0.8036%
50,001 ~ 100,000	83	5,776,661	2.5834%
100,001 ~ 200,000	47	6,426,775	2.8741%
200,001 ~ 400,000	21	6,304,146	2.8193%
400,001 ~ 600,000	11	5,379,561	2.4058%
600,001 ~ 800,000	7	4,612,988	2.0630%
800,001 ~ 1,000,000	3	2,952,791	1.3205%
1,000,001 or over	13	167,299,283	74.8181%
Total	12,879	223,608,000	100.00%

(ii) Preferred shares: The Company have no preferred share.

(c) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more.

(i) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more

Title	Name	2023		As of February 28, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
assistant vice president	WU, TA-CHUN	55,000	-	-	-

Note 1: Employment data on December 31, 2023.

(ii) Shares Transferring:None.

(iii) Shares Pledge:None.

(d) Information for shelf registration: Not applicable.

(Continued)

(3) Financial Information

(a) Concise balance sheet and statement of comprehensive income

(i) Concise Balance Sheet from 2019 to 2023

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Cash and cash equivalents		3,479,186	3,067,290	3,648,227	2,386,542	2,117,261
Account receivables		555,987	615,306	680,984	667,810	858,220
Assets classified as held-for- sale		-	-	-	-	39,080
Financial assets and loans		9,555,301	8,151,571	8,639,744	8,730,438	8,344,160
Reinsurance assets		4,202,406	4,252,018	3,860,017	3,920,832	4,149,186
Property and equipment		1,287,364	1,292,268	1,262,061	1,165,781	1,127,260
Intangible assets		165,170	113,373	120,574	136,982	133,831
Other assets		682,641	809,785	809,330	736,347	764,990
Total assets		19,928,055	18,301,611	19,020,937	17,744,732	17,533,988
Accounts payable		1,234,591	1,167,305	1,237,685	1,256,750	1,283,230
Liabilities related to assets classified as held-for-sale		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		12,297,598	12,124,121	10,958,474	10,326,662	10,404,545
Provisions		98,816	110,113	179,077	214,043	233,432
Other liabilities		196,403	95,219	203,928	100,084	194,940
Total liabilities	Before distribution	13,827,408	13,496,758	12,579,164	11,897,539	12,116,147
	After distribution	Note 3	Note 2	12,802,772	12,076,425	12,303,552
Ordinary share		2,236,080	2,236,080	2,236,080	2,236,080	2,129,600
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	3,842,400	2,634,807	4,126,209	3,552,655	3,164,913
	After distribution	Note 3	Note 2	3,902,601	3,373,769	2,871,028
Other equity interest		22,167	(66,034)	79,484	58,458	123,328
Total equity	Before distribution	6,100,647	4,804,853	6,441,773	5,847,193	5,417,841
	After distribution	Note 3	Note 2	6,218,165	5,668,307	5,230,436

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: There are accumulated deficits in 2022.

Note3: There are accumulated deficits in 2023.

(Continued)

(ii) Concise comprehensive income statement from 2019 to 2023

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Operating revenue		10,177,513	8,500,870	8,809,911	8,237,782	8,065,998
Operating cost		6,703,382	7,800,876	6,004,143	5,509,703	5,346,030
Operating expense		2,172,036	2,031,404	2,011,651	2,054,189	2,032,547
Non-operating income and expense		7,514	8,781	12,144	32,162	13,930
Income (loss) before tax		1,309,609	(1,322,629)	806,261	706,052	701,351
Net income (loss)		1,200,346	(1,322,207)	696,668	702,097	703,782
Other comprehensive income		95,448	(91,105)	76,798	(82,387)	67,915
Earnings (loss) per share (Note 2) (in New Taiwan dollars)		5.37	(5.91)	3.12	3.14	3.15

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: Earnings (Loss) per share is calculated by retrospective-adjusted weighted average number of ordinary shares. If capital increase by retained earning or share premium, or capital decrease due to reverse share split happened, the shares will be retrospective-adjusted according to ratio of increased and decreased capital, regardless of the outstanding period.

(b) Financial ratios analysis

Item		Year	Financial ratios analysis for the most recent five years (Note 1)				
			2023	2022	2021	2020	2019
Business analysis (%)	Rate of change in direct written premiums		11.54	3.27	4.29	3.96	0.08
	Rate of change in claims paid		(2.06)	16.42	(0.36)	(1.38)	15.65
	Rate of change in net premiums		8.92	5.67	8.29	5.45	(0.28)
	Rate of net value		30.61	26.25	33.87	32.95	30.90
Profitability analysis (%)	Return on assets		6.31	(7.05)	3.81	3.99	4.05
	Return on equity		22.01	(23.51)	11.34	12.47	13.72
	Net return on fund		3.59	(1.84)	3.47	3.24	2.91
	Return on investment		3.31	(1.70)	3.16	2.93	2.63
	Net combined ratio		95.28	109.58	95.49	96.03	96.83
	Net expense ratio		38.52	39.39	41.02	42.17	42.90
	Net loss ratio		56.76	70.19	54.47	53.86	53.93
Overall operation analysis (%)	Net premiums to shareholders' equity		150.84	175.83	124.12	126.27	129.24
	Gross premiums to shareholders' equity		208.77	238.09	172.22	182.00	188.89
	Net reinsurance commission to equity		6.40	7.30	5.13	7.85	8.69
	Reserves to equity		201.58	252.33	170.12	176.61	192.04
	Rate of change in equity		26.97	(25.41)	10.17	7.92	11.99
	Expense rate		32.31	33.47	33.63	34.70	35.08

Note 1: Financial summary for the most recent five years has been audited by CPA.

(Continued)

The reason why change in financial business indicator for the most recent two years

(i) Return on equity and rate of change in equity:

A increase in return on equity and rate of change in equity are due to net income.

(ii) Net premiums to shareholders' equity, gross premiums to shareholders' equity and reserves to equity:

An decrease in net premiums to shareholders' equity, gross premiums to shareholders' equity and reserves to equity are due to an decrease of COVID insurance claims and provision in premium reserve.

(c) Other significant information sufficient to enhance understanding of its financial position, financial performance and cash flows or trends of change (e.g. the effects of exchange rate fluctuation): None.

(4) Financial position and financial performance analysis

(a) Financial position analysis

(In Thousands of New Taiwan Dollars)

Item	Year	2023	2022	Difference	
				Amount	%
Cash and cash equivalents		3,479,186	3,067,290	411,896	13.43
Account Receivables		555,987	615,306	(59,319)	(9.64)
Assets classified as held-for-sale		-	-	-	-
Financial assets and loans		9,555,301	8,151,571	1,403,730	17.22
Reinsurance assets		4,202,406	4,252,018	(49,612)	(1.17)
Property and equipment		1,287,364	1,292,268	(4,904)	(0.38)
Intangible assets		165,170	113,373	51,797	45.69
Other assets		682,641	809,785	(127,144)	(15.70)
Total assets		19,928,055	18,301,611	1,626,444	8.89
Accounts payable		1,234,591	1,167,305	67,286	5.76
Liabilities related to assets classified as held-for-sale		-	-	-	-
Financial liabilities		-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		12,297,598	12,124,121	173,477	1.43
Provisions		98,816	110,113	(11,297)	(10.26)
Other liabilities		196,403	95,219	101,184	106.26
Total liabilities		13,827,408	13,496,758	330,650	2.45
Capital stock		2,236,080	2,236,080	-	-
Capital surplus		-	-	-	-
Retained earnings		3,842,400	2,634,807	1,207,593	45.83
Other equity interest		22,167	(66,034)	88,201	133.57
Total equity		6,100,647	4,804,853	1,295,794	26.97

(Continued)

Analysis of change over 20%:

(i) Intangible assets:

The increase in the current period compared with the previous period was mainly due to increase of software and systems for business purpose.

(ii) Other liabilities:

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in current tax liabilities of other liabilities.

(iii) Retained earnings and total equity:

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in retained earnings and total equity.

(iv) Other equity interest:

The financial assets measured at fair value through other comprehensive income resulted in the increase in unrealized gain.

(b) Financial performance analysis

(In Thousands of New Taiwan Dollars)

Item	Year	2023	2022	Change in amount	Change of rate (%)
Operating revenue		10,177,513	8,500,870	1,676,643	19.72
Operating cost		6,703,382	7,800,876	(1,097,494)	(14.07)
Operating expense		2,172,036	2,031,404	140,632	6.92
Income from operation		1,302,095	(1,331,410)	2,633,505	197.80
Non-operating income and expense		7,514	8,781	(1,267)	(14.43)
Profit (loss) from continuing operations before tax		1,309,609	(1,322,629)	2,632,238	199.02
Tax expense (income)		109,263	(422)	109,685	25,991.71
Profit (loss) from continuing operations		1,200,346	(1,322,207)	2,522,553	190.78

Analysis of change over 20%:

(i) Operating revenue:

The increase in the current period compared with the previous period was mainly due to an increase of written premium and gain on financial assets at fair value through profit or loss.

(ii) Operating cost:

The decrease in the current period compared with the previous period was mainly due to that the COVID insurance policy had been expired ,resulting the decrease of COVID insurance claims.

(iii) Non-operating income and expense:

The decrease in the current period compared with the previous period was mainly due to decrease of recovery claim.

(Continued)

- (iv) Income from operation, profit (loss) from continuing operations before tax and profit (loss) from continuing operations:

The increase in the current period compared with the previous period was mainly due to an increase of operating revenue and decrease of operating cost.

- (v) Income tax expense (income):

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in tax expense.

(5) CPA information

- (a) Information on Accountants' Fees

- (i) Audit fees and non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firms.

(In Thousands of New Taiwan Dollars)

Accounting firm	Name of accountant	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG	WU, CHENG-YEN	2023.01.01~	4,250	14,880	19,130	
	TSAI, PEI-JU	2023.12.31				

Non-audit services mainly include tax compliance audit and project services.

- (ii) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.
- (iii) The audit fee is reduced by over 10% compared with the previous year: None.

(Continued)

(b) Alternation of CPA.

(i) About the Former CPA

Date of change	2023.3.10		
Reasons and explanation of changes	In accordance with the organizational restructuring of the firm		
State whether the appointment is terminated or rejected by the consignor or CPAs	Status	CPA	Consignor
	Appointment terminated automatically	✓	
	Appointment rejected (discontinued)		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Is there any disagreement in opinion with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Other
	No	✓	
	Explanation		
Other revealed matters (Disclosure according to Article 24.2.1.4 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.)	None		

(ii) About successor CPA

Name of the accounting firm	KPMG
Name of CPA	WU, CHENG-YEN & TSAI, PEI-JU
Date of appointment	2023.3.10
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Successor CPA's written opinion of disagreement toward the former CPA	None

(iii) The former accountant's response to the matters required by Article 24.2.1 and Article 24.2.2.3 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises: None.

Union Insurance Co., LTD.

Chairman: HUNG, CHI-HSIUNG

President: LIU, CHIH-MING

Chief Accounting Officer: KUO, FEI-WEN

V. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance

I. Financial position: Main reasons and effects of significant changes in assets, liabilities and equity in the last two years

Comparative Analysis of Financial Position

Unit: NT\$ thousands; %

Item	Year	2023	2022	Difference	
				Amount	%
Cash and cash equivalents		3,479,186	3,067,290	411,896	13.43
Accounts receivables		555,987	615,306	(59,319)	(9.64)
Assets classified as held-for-sale		-	-	-	-
Financial assets and loans		9,555,301	8,151,571	1,403,730	17.22
Reinsurance contract assets		4,202,406	4,252,018	(49,612)	(1.17)
Property and equipment		1,287,364	1,292,268	(4,904)	(0.38)
Intangible assets		165,170	113,373	51,797	45.69
Other assets		682,641	809,785	(127,144)	(15.70)
Total Assets		19,928,055	18,301,611	1,626,444	8.89
Accounts payable		1,234,591	1,167,305	67,286	5.76
Liabilities directly related to assets classified as held-for-sale		-	-	-	-
Financial liabilities		-	-	-	-
Reserves for insurance liability and insurance contracts with the nature of a financial product		12,297,598	12,124,121	173,477	1.43
Provisions for liabilities		98,816	110,113	(11,297)	(10.26)
Other Liabilities		196,403	95,219	101,184	106.26
Total liabilities		13,827,408	13,496,758	330,650	2.45
Share capital		2,236,080	2,236,080	-	-
Capital surplus		-	-	-	-
Retained earnings		3,842,400	2,634,807	1,207,593	45.83
Other Equity		22,167	(66,034)	88,201	133.57
Total Equity		6,100,647	4,804,853	1,295,794	26.97

Explanation of items having material changes:

- (I) Intangible assets: The increase compared to the previous period is primarily due to the acquisition of system software to fulfill business requirements.
- (II) Other liabilities: The increase compared with the previous period is mainly due to the higher net profit of the current period and the lack of provision for income tax liabilities, resulting in the increase of other liabilities.
- (III) Retained earnings and total equity: the increase compared with the previous period is mainly due to the increased net profit of the current period, resulting in an increase in retained earnings and total equity.
- (IV) Other equity items: The increase from the previous period was mainly due to the increase in unrealized benefits of investment positions measured by fair value through other comprehensive gains and losses in the current period.

II. Financial performance: The main reasons for the significant changes in operating revenue, operating profit, and net profit before tax in the most recent two years, and the expected sales volume and its basis, as well as the possible impact on the Company's financial condition and countermeasures

Analysis of operating results

Unit: NT\$ thousands

Item \ Year	2023	2022	Changed amount	Change (%)
Operating revenue	10,177,513	8,500,870	1,676,643	19.72
Operating costs	6,703,382	7,800,876	(1,097,494)	(14.07)
Operating expenses	2,172,036	2,031,404	140,632	6.92
Operating profit	1,302,095	(1,331,410)	2,633,505	197.80
Non-operating income and expenses	7,514	8,781	(1,267)	(14.43)
Pure profit (pure loss) before income tax from continuing operations	1,309,609	(1,322,629)	2,632,505	199.02
Income tax expense	109,263	(422)	109,685	25,991.71
Net profit (net loss) from continuing operation	1,200,346	(1,322,207)	2,522,553	190.78

Explanation of items having material changes:

- (I) Revenue: The increase in this period compared to the previous period is primarily due to the substantial growth in premium income from signed contracts and gains and losses on financial assets at fair value through profit or loss.
- (II) Operating Costs: The decrease in this period compared to the previous period is primarily attributed to the expiration of epidemic prevention insurance policies, leading to a reduction in epidemic prevention related insurance claim expenses.
- (III) Operating profit, pre-tax net profit (net loss) of continuing business units, and current net profit (net loss) of continuing business units: The increase in current period compared to the previous period is mainly due to an increase in operating revenue and lower operating costs.
- (IV) Non-operating incomes and expenses: The decrease in the current period compared to the previous period is mainly due to a decline in insurance claim recoveries.
- (V) Income tax expense (income): The increase in the current period compared to the previous period is mainly due to the increased net profit in the current period, resulting in a substantial increase in income tax expense.

III. Review and analysis of cash flows

Analysis of changes in cash flow and improvement plans for liquidity inadequacy in the most recent fiscal year, and liquidity analysis of cash flows in the coming fiscal year

Liquidity analysis

- (I) Analysis of cash flows in the consolidated company

Unit: NT\$ thousands

Beginning cash balance (1)	Annual net cash flow from operating activities of the year (2)	Net cash inflow (outflow) from investment and financing activities throughout the year (3)	Amount of cash surplus (shortage) (1) + (2) + (3)	Remedies for cash shortage	
				Investment Plan	Financing plan
3,067,290	716,194	(304,298)	3,479,186	None	None

Explanation:

1. Analysis of changes in cash flows in the current year:
 - (1) Operating activities: The net cash inflow of NT\$716,194 thousand was mainly due to the outflow of net income in the current period and the decrease in financial assets measured at amortized cost.
 - (2) Investing and financing activities: Net cash outflow of NT\$304,298 thousand was mainly due to the acquisition of investment properties.
2. Remedial measures for cash inadequacy and analysis of liquidity: not applicable.
Cash liquidity analysis for the coming year

Unit: NT\$ thousands

Beginning cash balance (1)	Annual net cash flow from operating activities of the year (2)	Net cash inflow (outflow) from investment and financing activities throughout the year (3)	Amount of cash surplus (shortage) (1) + (2) + (3)	Remedies for cash shortage	
				Investment Plan	Financing plan
3,479,186	(471,195)	(319,918)	2,688,073	None	None

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

Significant capital expenditures of the Company in the most recent two years and the expected five years in the future: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year:

The Company takes the property and casualty insurance business as the core development, is committed to the R&D of new policies and expands property and casualty insurance services, and follows the principles of obtaining long-term stable returns and diversifying risks.

VI. Analysis and assessment of risk issues (the most recent year and as of the date of publication of the Annual Report)

(I) Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Interest rate

The Company's investment positions are mostly fixed-rate products and are held for a long time, which are less impacted by changes in the financial environment. When market interest rates and credit spreads fluctuate greatly, the Company will buy fixed-income products with investment-grade credit ratings and good physique in a timely manner, in an effort to improve the overall rate of return. For the part of demand deposits and cash equivalents, if the interest rate drops by 10Bp, the expected interest income will decrease by approximately NT\$3,479 thousand. Regarding deposits, the Company will continue to pay close attention to future changes in interest rates and adjust asset allocation in due course.

2. Changes in exchange rates

The Company has sufficient working capital. The major foreign currency financial assets in 2023 were equivalent to approximately NT\$153,840 thousand; among them, US dollars accounted for approximately 96.54% of foreign currency financial assets. For reinsurance and amortization of foreign currencies, natural hedging methods are adopted to avoid exchange rate risks. The Company's relevant authority and responsibility units collect exchange rate information at any time, and grasp the trends and changes of international exchange rates. After deducting the position of major foreign currency financial assets, if the exchange rate changes by 1%, it will affect approximately NT\$651 thousand.

3. Inflation situation

The Company is engaged in the insurance industry, and its business scope does not involve raw materials, so inflation has no significant impact on the Company's profit and loss.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The insurance industry stipulates that it is not allowed to endorse guarantees for others, and the Company does not have any endorsement guarantees. Regarding high-risk and high-leveraged investments in derivative financial products, the Company has not made any investment activities so far. As for capital loans to others, the Insurance Act has specified the upper limit of the investment ratio, and there has been no case of capital loans to others.

(III) Future R&D Projects and Expected R&D Expenditure

International Financial Reporting Standard No. 17 Insurance Contracts is expected to be applied in Taiwan in 2026, with parallel testing scheduled for 2025. In order to facilitate a seamless integration, in addition to the need to increase manpower and continue to educate and train related personnel, the Company also conducts related system construction work with experienced manufacturers. It is estimated that the cost for completion will be about NT\$1.8~2.2 million by 2024.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

In order to assist in the development of prevention and mitigation measures that are equivalent to money laundering and capital terrorist financing risks, the Company has established regular and comprehensive money laundering and capital terrorist financing risk assessment operations in accordance with the regulations of the competent authority and a risk-based method to timely and effectively understand the overall money laundering and terrorist financing risks faced, and accurately assess and reduce the customers' money laundering and terrorist financing risks.

In addition, for the benefit of the financial service industry to comply with laws and regulations, and to pay attention to and implement financial consumer protection, the competent authority requires all financial service industries to formulate "Principles for Fair Treatment of Customers" to achieve a corporate culture with fair treatment of customers as the core and enhance the financial service industry employees' awareness of financial consumer protection and compliance with relevant laws and regulations on financial consumer protection, in an effort to reduce illegal costs and risks, increasing financial consumers' confidence in the financial service industry, helping the sustainable development of the financial service industry. The Company will strengthen the implementation of the "principles for fair treatment of customers" strategy, and closely track and supervise the implementation effects of various departments, so as to comprehensively enhance the Company's image and pursue perfection.

The Company will continue to pay close attention to changes in the Insurance Act, the Company Act and other related laws, as well as the competent authority's letter of interpretation, to ensure compliance with all laws and regulations.

(V) Effect on the Company's financial operations of developments in science and technology (including information security risks) as well as industrial change, and measures to be taken in response

The Company continuously invests in R&D of new products in response to industry growth and market demand, and responds to the needs and changes brought about by technological changes at any time, in an effort to provide policyholders with comprehensive and multi-faceted risk protection and services, and to pursue long-term and stable development of the Company's financial business.

(VI) Effect on the Company's crisis management of changes in the company's corporate image, and measures to be taken in response

The Company regularly convenes shareholders' meetings and makes real-time announcements of material messages to increase financial business transparency in response to operating conditions. At the same time, in response to potential crises that may affect the Company's image, the Company has internally formulated various risk management measures and "Operational Crisis Response Measures". When an operating crisis occurs, the crisis response team will promptly coordinate and initiate response measures. After the crisis subsides, press releases will be issued to important customers to explain the Company's financial and business conditions in order to maintain the Company's image.

- (VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response: None.**
- (VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response: Not applicable to the insurance industry**
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: Not applicable to the insurance industry**
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken**

The price of the stocks held by the Company's existing shareholders may be affected by the sale of shares held by major shareholders. Therefore, if the Company's major shareholders have any shareholding changes, they shall report or apply for approval in accordance with relevant regulations.

Directors, Supervisors or Major Shareholders	April 26, 2024 (Number of Shares Held at the Close of Business on the Book Closure Date)	Shareholding Ratio
TSAI HO WANT ENTERPRISES CO., LTD.	49,961,671	22.34%
Wang Chia Enterprise Co., Ltd.	48,480,873	21.68%
Want Want Co., Ltd.	46,689,943	20.88%
H.Y. TSAI CO., LTD.	3,743,478	1.67%
Shao Yuan Co., Ltd.	1,256,972	0.56%
Total	150,132,937	67.14%

- (XI) The impact, risks of the change of managerial control on the Company and countermeasures**

The Company's shareholder structure is stable and its operations are normal. The Company's overall operating performance is in line with the usual level of domestic peers. Moreover, the Company implements a professional managerial officer management system. Therefore, the impact and risk of the change in managerial control on the Company are quite small.

- (XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, General Manager, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.**

- (XIII) The Company's Risk Management Policy**

1. The Company's Risk Management Policy

In order to ensure the Company's stable operation and sustainable development, the Risk Management Committee has formulated the "Risk Management Policy and Guiding Principles" approved by the Board of Directors, and established the overall risk management organization structure and various risk management mechanisms in accordance with the "Code of Practice for Risk Management in the Insurance Industry", the Company's business strategy and objectives, and consideration of factors such as business growth, risks and rewards.

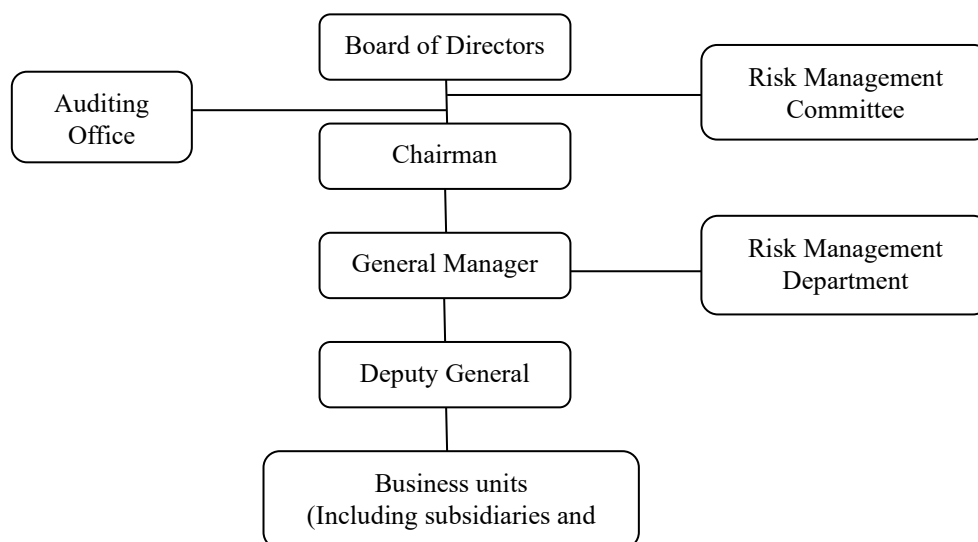
The risk management of the Company is at a strategic position, and risks are taken into consideration when forming related decisions. The Company identifies, measures, monitors and reports risks through qualitative or quantitative management methods and maintains the possible risks from operating activities within an acceptable range in order to pursue steady operating policy and uphold the spirit of consistent execution.

Based on the Company's business strategy and objectives and considering factors such as business growth, risks and rewards, the Company has set an overall risk appetite risk capital adequacy ratio (RBC ratio) of over 300% and the result of Taiwan Ratings as twAA- above, and has assessed the climate-related risks on a yearly basis to reduce the business of enterprises or industries that are highly sensitive to environmental or climate change risks. In addition, based on the risk characteristics and risk appetite, the Company sets each major risk limit, and regularly monitors and implements the execution of the limit exceeding.

2. Risk management structure, organization and scope of powers and responsibilities

(1) Risk management structure and organization

The Company's risk management organization structure includes the Board of Directors, Risk Management Committee, Risk Management Department, various business units and Auditing Office.



(2) The responsibilities of each unit are as follows:

A. Board of Directors

The Board of Directors acts as the highest decision-making unit of the Company's risk management. It is responsible for approving the Company's risk management policy, structure, and establishing the Company's risk management culture, ensuring the effectiveness of risk management, and taking the ultimate responsibility for overall risk management.

B. Risk Management Committee

- (A) Formulate risk management policies, structures, and organizational functions, establish quality management and quantitative management standards, and regularly and timely report to the Board of Directors for the implementation of risk management and necessary improvements.
- (B) Execute the Board of Directors' risk management decisions and regularly review the development, implementation, and performance of the Company's overall risk management mechanism.
- (C) Assist and supervise the risk management of each department.
- (D) Assist in reviewing relevant operations related to the formulation of risk limits.
- (E) Adjust the risk category, risk limit allocation, and commitment method depending on the environment.
- (F) Coordinate cross-department interaction and communication of risk management functions.

C. Risk Management Department

- (A) Responsible for the Company's daily risk monitoring, measurement and evaluation and other executive-level affairs, and it shall exercise its powers independently of the business units.
- (B) The following powers shall be performed according to the type of business:
 - Assist in the formulation and implementation of risk management policies and guidelines approved by the Board of Directors.
 - Assist in drawing up risk limits based on risk appetite.
 - Consolidate the risk information provided by each unit, coordinate and communicate with each unit to implement policies and limits.
 - Provide regular risk management reports.
 - Regularly monitor the risk limits and application status of each business unit.
 - Assist in stress testing.
 - Perform back-testing when necessary.
 - Other risk management related matters.
- (C) Authorized by the Board of Directors or the Risk Management Committee to handle matters when other units violate the risk limit.

D. Business units

(A) The duties of the head of the business unit to perform risk management operations are as follows:

- Responsible for the daily risk management and reporting of the affiliated unit, and take necessary countermeasures.
- Supervise the regular delivery of relevant risk management information to the risk management unit.

(B) The duties of the business unit to perform risk management operations are as follows:

- Identify risks and report risk exposure status.
- Measure the degree of impact when the risk occurs (quantitative or qualitative), and transmit risk information in a timely and correct manner.
- Regularly review various risks and limits to ensure the effective implementation of risk limits in business units.
- Monitoring the status of risk exposures and reporting over-limits, including measures taken by business units for over-limits.
- Assist in the development of risk models to ensure that the measurement of risks in the business unit, the use of models and the setting of assumptions are carried out on a reasonable and consistent basis.
- Ensure the effective implementation of internal control procedures of business units to comply with relevant regulations and company risk management policies.
- Assist in the collection of operational risk related data.

All subsidiaries and branches of the Company shall handle risk management matters and establish authorized units in accordance with the regulations of the competent authority and relevant laws and regulations, and provide relevant documents and data to the Company's Risk Management Committee for review in accordance with risk management policies and guidelines.

E. Auditing units

Check the implementation status of risk management of all units, subsidiaries and branches of the Company in accordance with current relevant laws and regulations.

3. Various risk management mechanisms

Formulate relevant management mechanisms based on the various risks involved in the Company's operations, including market risk management measures, credit risk management measures, liquidity risk management measures, operational risk management measures, insurance risk management measures, asset-liability coordination risk management measures, key points of risk assessment of anti-money laundering and counter-terrorist financing, climate change risk measures and emerging risk management measures, etc.

(1) Market Risks

Market risks refer to the potential risks of losing assets due to the change in the value of assets over a certain period of time due to market price fluctuations.

The management mechanism includes the formulation of relevant risk control methods for major assets and qualitative or quantitative market risk measurement methods. At the same time, it cooperates with the competent authority in conducting stress testing, evaluating the impact of specific events on the holding positions, and regularly monitors the use of assets held.

(2) Credit Risks

Credit risks refer to risks involving creditors' downgrade of credit or failure to repay debts or inability or refusal of transaction counterparties to perform their obligations. The management mechanism includes credit risk management before the transaction, credit grading limit management and credit risk management after the transaction. Regularly monitor changes in the credit ratings of counterparties, and notify the decision-making unit to implement necessary countermeasures in case of abnormal situations.

(3) Liquidity Risks

Liquidity risks include capital liquidity risk and market liquidity risk. Capital liquidity risks refer to the risks of the failure in cashing on assets or obtaining sufficient funds and thus the failure in performing due obligations; market liquidity risks refer to the risks of facing significant changes in market price when disposing or offsetting positions it holds due to insufficient market depth or market disorder. The Company has formulated the "Criteria for Fund Liquidity Risk Management and Abnormal Emergency Fund Requirements". Its management mechanism includes the establishment of a fund dispatch unit independent of the transaction units for comprehensive fund management, consideration of the proportionality of market transaction volume and positions held, and response to abnormal or dispatch of capital demand caused by emergency situations, supplemented by indicators such as current ratio and quick ratio, to monitor the Company's overall liquidity risk in a timely manner.

(4) Operation risks

Operational risk refers to the Company's risk of suffering losses for reasons of inappropriateness or errors found in the internal operating procedures, employees and systems, or as a result of external events. Such risk includes legal risk, but excludes strategic risk and reputational risk. The management mechanism includes various control measures, risk identification, risk measurement, and the establishment of qualitative or quantitative risk management tools to manage operational risks. Regularly carry out internal control self-check, self-assessment of compliance matters and self-assessment of operation risk control, so as to detect potential operation risks as early as possible to prevent operation risks in the first place.

(5) Insurance risk

Insurance risk refers the risks borne by the Company after they are transferred from the insured to the Company upon payment of the insurance premiums. They are risks of losses due to non-expected changes when the Company pays for insurance claims and related expenses in accordance with the contract. The management mechanism includes procedures such as risk identification, risk measurement, risk response, risk monitoring and risk reporting to ensure the effectiveness of the operation of the risk control system. The Company has formulated the "Risk Limit Operating Procedure" to regularly monitor the application of insurance risks, supplemented by notifications of key risk indicators, so as to grasp the insurance risks of the Company's operations in a timely manner.

(6) Asset-liability matching risk

Asset-liability matching risk refers to the risk caused by inconsistent changes in the value of assets and liabilities. The management mechanism includes procedures such as risk identification, risk measurement, risk response, risk monitoring and risk reporting to ensure the effectiveness of the operation of the risk control system. The Company implements the debt-to-asset ratio as an early warning indicator for asset-liability matching risks, and cooperates with the monitoring of the use of risk limits to grasp the Company's risk exposure in a timely manner.

(7) Risk of anti-money laundering and counter-terrorist financing

The Company adopts appropriate measures by considering business, product and customer characteristics, and establishes regular and comprehensive money laundering and terrorist financing risk assessment operations, in order to timely and effectively understand the overall money laundering and terrorist financing risks it faces. The management mechanism includes the identification, assessment, management and formulation of related policies and procedures for money laundering and terrorist financing risks, and the formulation of anti-money laundering and counter-terrorist financing plans based on money laundering and terrorist financing risks and business scale and regular reviews, so as to ensure the effectiveness of the operation of the risk control system.

(8) Climate change risk

Climate change risks are divided into "physical risk" and "transformation risk". "Physical risk" refers to direct or indirect losses caused by specific natural disaster events or long-term changes in climate patterns caused by climate change; "transformation risk" comes from the process of social transformation to low-carbon under the influence of policies and regulations, low-carbon emission technologies and social preferences. The management mechanism includes procedures such as risk identification, risk measurement, risk response, risk monitoring and risk reporting to ensure the effectiveness of the operation of the risk control system.

(9) Emerging risks

Emerging risks refer to risks that have not yet emerged but may be caused by environmental changes. They usually result from changes in politics, regulations, markets or the natural environment, including, but not limited to, climate change risks, infectious disease risks, and information security risks (cyber risks), etc. The management mechanism includes the management of emerging risks through risk identification, assessment and risk response.

(10) Other risks

Other risks refer to risks other than the above-mentioned risks faced during business operations. Based on the characteristics of the risks and their impact on the Company, the Company has established appropriate risk control and management procedures through risk identification, measurement, response, monitoring and risk reporting.

(XIV) Other important risks, and mitigation measures being or to be taken:

To continuously strengthen the operational resilience of the Company and enhance our ability to respond to major events, we have prepared to adapt to the evolving environment and prevent business interruption while ensuring quick recovery. Based on the nature and scale of our operations, we have integrated existing operational norms and established an appropriate management framework, including operational impact analysis, risk assessment, development of business continuity strategies, formulation of business continuity plans, and conducting business continuity plan drills. We have also completed certification according to the international standard ISO 22301. Annually, we undergo verification audits to maintain the validity of the certification. Through the PDCA continuous improvement cycle, we aim to enhance our operational continuity management mechanism.

VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Information on Affiliates

In the most recent year, the Company's consolidated financial statements and relational reports prepared in accordance with the consolidated financial statements of the affiliated enterprises and the standards for the preparation of relational reports issued by the Financial Supervisory Commission: None.

II. Private Placement of Securities During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

None.

III. Holding or Disposal of the Company's Shares by the Subsidiaries of the Most Recent Year up to the Date of Publication of the Annual Report:

None.

IV. Other Supplementary Information:

None.

V. Any Events that Had Significant Impacts on Shareholder's Equity or Security Prices as referred to in Paragraph 3, Subparagraph 2 of Article 36 of the Securities and Exchange Act:

None.

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Chiayun Branch 9F.-1, No. 336-1, Xingye W. Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.) Tel.: (05)235-6999 Fax: (05)235-8222	<ul style="list-style-type: none"> • Dounan Service Center No. 88, Guangxing Rd., Dounan Town, Yunlin County Tel.: (05)596-6011 Fax: (05)596-5952 	<ul style="list-style-type: none"> • Beigang Service Center No. 131, Huasheng Rd., Beigang Town, Yunlin County Tel.: (05)782-5383 Fax: (05)782-6383 	

Tainan Branch 6F., No.75, Nanmen Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.) Tel.: (06)226-0603 Fax: (06)226-9414	<ul style="list-style-type: none"> • Xigang Liaison Office No. 242, Zhongshan Rd., Xigang Dist., Tainan City Tel.: (06)795-1307 Fax: (06)795-2487 • Madou Service Center No. 610, Xincheng North Rd., Madou Township, Tainan County Tel.: (06)571-2310 Fax: (06)571-3236 	<ul style="list-style-type: none"> • Yongkang Service Center 17F.-1, No.425, Zhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.) Tel.: (06)303-5533 Fax: (06)303-6622
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