

KGI Financial Holdings Tax Governance Report 2024

Tax Governance Policy

To respond to international trends in tax governance, strengthen compliance with tax laws, fulfill corporate social responsibility, and achieve sustainable development goals, the Company formulated the "Tax Governance Policy" with the Board of Directors acting as the highest decision-making unit of the tax governance mechanism to approve the overall tax governance policy to ensure the effectiveness of the group's tax governance operation. The tax governance practice in 2023 was reported to the Board of Directors for review and approval in 2024.

The tax governance policies as follows:

Comply with Tax Regulations	Properly handle taxation and tax reports in accordance with tax laws of countries of operation, and fulfill social responsibilities as taxpayers.
Manage Tax Risks	In advance of conducting the business, tax evaluation and assessment should be performed with consideration of Company's reputation, risk management, and sustainable operation, and control tax risk effectively.
Comply with Economic Substance	Do not transfer value created to low tax jurisdictions for the sole purpose of tax avoidance.
Comply with Arm's Length Principles	Comply with transfer pricing requirements and arm's length principles in tax law for related party transactions.
Establish Communication Channels	Maintain an appropriate relationship with the tax authorities with honesty and openness to communicate and dispel doubt on important tax issues in a timely manner.
Improve Information Transparency	Comply with all relevant regulations, such as financial reporting guidelines and annual report disclosure of tax information, and increase tax information transparency through proper reporting system.
Strengthen Tax Expertise	Continue to comprehend new knowledge and changes in taxation laws and regulations and strengthen the taxation expertise of employees of KGIF and its subsidiaries through educational trainings.

Revenue and Tax Information in 2024

KGIF registered revenue of NT\$396,823 million and profit (loss) before income tax of NT\$42,034 million in 2024; income tax paid (on cash basis) totaled NT\$1,355 million, and income tax accrued for the current year reached NT\$4,082 million. Taiwan is KGIF's primary operating base. In 2024, Taiwan's revenue, profit (loss) before income tax, income tax paid (on cash basis), and income tax accrued for the current year accounted for 96.74%, 95.10%, 93.77% and 99.30%, respectively, of all operating bases. The following table shows the amount and percentage by tax jurisdiction:

Unit: NT\$ Million, %

Tax Jurisdiction	Numbers of Employees	Revenues	%	Profit (Loss) before Income Tax	%	Income Tax Paid (cash Basis)	%	Income Tax Accrued Current Year	%
Taiwan	23,956	383,906	96.74	39,976	95.10	1,271	93.77	4,053	99.30
China	16	118	0.03	(24)	(0.06)	2	0.12	1	0.03
Hong Kong	657	7,191	1.81	1,339	3.19	42	3.13	20	0.49
Singapore	162	3,459	0.87	547	1.30	19	1.44	1	0.02
Indonesia	84	184	0.05	12	0.03	5	0.40	5	0.12
U.S.A.	3	171	0.04	112	0.27	-	(0.02)	2	0.04
Cayman Islands	-	976	0.25	35	0.08	-	-	-	-
British Virgin Islands	-	818	0.21	37	0.09	16	1.16	-	-
Total	24,878	396,823	100.00	42,034	100.00	1,355	100.00	4,082	100.00

Note:

1. Financial information are based on the statutory financial statements of each entity. Revenues and profit (loss) before income tax do not include revenues from other entities using equity method.
2. For the reconciliation of income tax payable and income tax expenses for the current year under the accrual basis, please refer to "Income Tax Information in 2023 and 2024."

Income Tax Information in 2023 and 2024

Unit: NT\$ million

Item	2023	2024
Net profit before income tax	20,577	40,879
Income tax expense	1,629	7,324
Income tax paid	1,540	1,355

Effective tax rate

Item	2023	2024	Average	Average after Adjustment	Peer Average
Effective tax rate (%)	7.92	17.92	14.57	21.63	14.97
Cash tax rate (%)	7.48	3.32	4.71	21.65	13.41

Note:

1. Effective tax rate = Income tax expense/Net profit before income tax.
2. Cash tax rate = Income tax paid/Net profit before income tax.
3. Industry average values refer to the average effective tax rate and cash tax rate in the global insurance industry as published in the CSA Handbook 2025 by S&P Global.

Analysis of Tax Rate Differences in 2023 and 2024

The reasons for the difference between the company's effective tax rate and cash tax rate compared to the industry average tax rate are as follows:

1. The primary region of KGIF's operations is in Taiwan, where the corporate income tax rate in Taiwan is 20% under the

regular income tax system and 12% under the basic income tax system.

2. Profits composition has a considerable portion according to Taiwan tax law that belongs to tax-exempt income, such as securities trading gains and losses and international branch income, resulting in differences in the effective tax rate.
3. The difference between the effective tax rate and the cash tax rate, apart from the timing difference of actual cash payment being in the following year, also includes the impact of deferred income tax expenses.

The reasons why KGIF's effective tax rate and cash tax rate were lower than the global insurance industry's average tax rate are summarized below.

Item	Effect of Tax Rate (%) Or Tax Rate (%)	Description
Average effective tax rate (A)	14.57	
Single jurisdiction tax code (B)	7.06	<ol style="list-style-type: none"> 1. The primary region of KGIF's operations is in Taiwan, where the corporate income tax rate in Taiwan is 20% under the regular income tax system and 12% under the basic income tax system. 2. Profits composition has a considerable portion according to Taiwan tax law that belongs to tax-exempt income, such as securities trading gains and losses and international branch income, resulting in differences in the effective tax rate.
Average effective tax rate after adjustment (C)=(A)+(B)	21.63	

Strengthening Compliance with Global Transfer Pricing and Information Transparency

In response to international requirements for the three-tiered documentation framework for transfer pricing, which consists of “Master File”, “Local File”, and “Country-by-Country Reporting”, each company followed the regulations of their respective countries to complete the Master File, Local File, and Country-by-Country Report to enhance the transparency of the taxation information of the Group, and use it as a reference for the self-examination of the related party transaction transfer pricing to implement and strengthen the compliance of global transfer pricing.

Constituent Entities by Tax Jurisdiction in 2024

Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Main Business Activity(ies)				
		Provision of Services to Unrelated Parties	Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Others
Taiwan	KGI Financial Holding Co., Ltd.				✓	
	CDIB Capital Group				✓	
	CDIB Capital Management Corporation	✓			✓	
	CDIB Venture Capital Corporation				✓	
	KGI Asset Management Co., Ltd.	✓				
	CDIB Capital Innovation Advisors Corporation	✓				
	KGI Life Insurance Co., Ltd.			✓		
	KGI Bank Co., Ltd.		✓		✓	
	CDIB Management Consulting Corporation				✓	
	KGI Finance & Leasing Corporation	✓				
	KGI Securities Co., Ltd.		✓		✓	
	KGI Futures Co., Ltd.		✓		✓	
	KGI Information Technology Co., Ltd.	✓				
	KGI Securities Investment Trust Co., Ltd.		✓			
	KGI Securities Investment Advisory Co., Ltd.		✓			
	KGI Insurance Brokers Co., Ltd.		✓			
	KGI Venture Capital Co., Ltd.				✓	
China	CDIB Private Equity (China) Corporation				✓	✓
	CDIB Private Equity (Fujian) Co., Ltd.	✓			✓	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	✓			✓	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	✓			✓	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	✓			✓	
	CDIB International Leasing Corp.	✓				
	CDIB Private Equity (Kunshan) Corporation	✓				
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	✓				
Hong Kong	CDIB Private Equity (Hong Kong) Corporation Limited	✓			✓	
	CDIB Venture Capital (Hong Kong) Corporation Limited				✓	
	CDIB Capital International (Hong Kong) Corporation Limited					✓
	KGI Hong Kong Limited					✓
	KGI International (Hong Kong) Limited		✓			
	KGI International Finance Limited		✓			

Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Main Business Activity(ies)				
		Provision of Services to Unrelated Parties	Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Others
Hong Kong	KGI Asset Management Limited		✓			
	KGI Asia Limited		✓			
	KGI Nominees (Hong Kong) Limited					✓
	KGI Futures (Hong Kong) Limited		✓			
	Global Treasure Investments Limited					
	KGI Investments Management Limited		✓			
	KGI Capital Asia Limited		✓		✓	
	KGI Finance Limited		✓			
Singapore	KGI Asia (Holdings) Pte. Ltd.				✓	
	KGI Securities (Singapore) Pte. Ltd.		✓			
Indonesia	PT KGI Sekuritas Indonesia		✓			
U.S.A.	CDIB Capital International (USA) Corporation					✓
	SCBS 1 Holding Corporation				✓	
	CDIB NY 5 LLC				✓	
Cayman Islands	CDIB Capital International Corporation	✓			✓	
	CDIB Capital Asia Partners Limited	✓				
	CDIB X Finance I Holding Limited				✓	
	CDIB Private Equity Partners Limited	✓				
	CDIB Buyout Partners Limited	✓				
	KG Investments Holdings Limited				✓	
	KGI International Holdings Limited				✓	
	CDIB Asia Secured Credit Opportunities GP Ltd.	✓				
	CDIB TMK Finance Holding Limited				✓	
	CDIB Pearl Holding Limited				✓	
	CDIB Real Estate Credit Ltd.				✓	
The British Virgin Island	CDIB Global Markets Limited				✓	
	CDIB Capital Investment I Limited				✓	
	CDIB Capital Investment II Limited				✓	
	Richpoint Company Limited				✓	
	KGI International Limited				✓	
	KGI Limited				✓	

Note:

1. The main business activity of CDIB Private Equity (China) Corporation and KGI Hong Kong Limited is management and consulting. CDIB Capital International (Hong Kong) Corporation Limited and CDIB Capital International (USA) Corporation mainly engage in private equity advisory services. KGI Nominees (Hong Kong) Limited mainly serves as a trust agent.
2. Global Treasure Investments Limited has ceased operations.