

Stock Code : 2882



Cathay Financial Holding Co., Ltd.

**2022 Annual General Shareholders'
Meeting Agenda Handbook**

Meeting Time : June 17, 2022, at 9 : 00 a.m.

Place : 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.

Cathay Financial Conference Hall

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Cathay Financial Holding Co., Ltd.

Procedure for the 2022 Annual Meeting of Shareholders

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3. Matters to Report
4. Matters for Acknowledgement
5. Matters for Discussion and Election
6. Provisional Motion(s)
7. Meeting Adjournment

Cathay Financial Holding Co., Ltd.

2022 Annual Shareholders' Meeting Agenda

Meeting Time : June 17, 2022, at 9 : 00 a.m.

Place : 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.

Cathay Financial Conference Hall

Meeting type : Video-conferencing assisted shareholders meeting (physical shareholders meeting supported by video conferencing)

E-Meeting Platform : “Shareholders meeting e-Voting Platform – Hybrid Shareholders’ Meeting” by Taiwan Depository & Clearing Corporation

website: <http://www.stockvote.com.tw>

1. Announcement of the commencement of the meeting (report the number of shares represented by shareholders present at the meeting)
2. Chairperson remarks
3. Matters to Report
 - (1) Business Report for 2021
 - (2) Audit Committee Report
 - (3) 2021 report on compensation to Employees and Directors of the Company
4. Matters for Acknowledgement
 - (1) Acknowledgement of Business Operations Report and Financial Statements for 2021
 - (2) Acknowledgement of earnings distribution for 2021
5. Matters for Discussion and Election
 - (1) Discussion on the amendments to the Articles of Incorporation
 - (2) Discussion on the amendments to the Rules of Procedure for Shareholders’ Meetings
 - (3) Discussion on the amendments to the Company’s Procedures for the Acquisition or Disposal of Assets
 - (4) Discussion on the Corporation’s proposal to raise long-term capital
 - (5) Election of the Corporation’s directors for the 8th term
 - (6) Discussion on the relief of certain directors from their non-competition obligations
6. Provisional Motion(s)
7. Meeting Adjournment

I . Matters to Report

1.Business Report for 2021

Looking back on 2021, the global economy recovered as major countries administered vaccines and restarted economic activities. Viral variants, however, have caused one wave of infections after another, causing supply chain disruptions and energy price spikes, which signal looming inflation and intensified volatility in financial markets. Turning challenges into strengths, we continued to manage our business steadfastly while speeding up the pace of digital transformation. We kept abreast of economic trends and allocated assets in a timely manner. Thanks to the concerted efforts of our employees, our business performance once again reached a historical high in 2021, with Cathay Life Insurance, Cathay United Bank, Cathay Securities, and Cathay SITE all reporting record-high profits. Consolidated after-tax profit reached NT\$140.9 billion (US\$5.08 billion), setting a new record for the third consecutive year, with earnings per share of NT\$10.34.

Major Subsidiaries Reported Record-high Profit Yet Again in 2021

Cathay Life Insurance delivered exceptional investment performance, recording consolidated after-tax profit of NT\$113.2 billion (US\$4.08 billion) for the year. Cathay Life Insurance maintained its market leadership position in terms of premium income. Total premium income and first-year premium income were NT\$646.0 billion (US\$23.29 billion) and NT\$202.4 billion (US\$7.3 billion), respectively. First-year premium equivalent, a better indicator of the value of business, was NT\$51.0 billion (US\$1.84 billion), allowing Cathay Life Insurance to remain the leader in the industry.

Cathay United Bank recorded consolidated after-tax profit of NT\$23.8 billion (US\$860 million), maintaining solid asset quality while growing its lending business and managing risk. With respect to our wealth management business, Cathay United Bank fully utilized group resources amidst a low-interest rate environment to provide suitable wealth management products and investment advice to our customers, thereby achieving robust asset allocation. Cathay United Bank will continue to focus on the needs of our customers and optimize customer experiences. By embedding financial services digitally and seamlessly into enterprises' operations and people's daily life, Cathay United Bank will continue to offer stable, safe, and convenient financial services.

Cathay Century Insurance ranked second in the industry in terms of premium income. Cathay Securities Investment Trust reported NT\$1.3 trillion (US\$46.15 billion) in assets under management, making it the largest securities investment trust company in Taiwan. Cathay Securities generated record-high profits for the third

consecutive year and its sub-brokerage business continues to be a market leader. Using innovative digital business models, Cathay Securities has accumulated over one million customers.

Expand Overseas Markets, Connect Regional Offices, and Realize Group Synergies

Cathay FHC continues to deepen its overseas presence, establishing a vast network of business locations across Greater China and Southeast Asia, and continues to strengthen local business management and promote digital services. In Greater China, our subsidiary Cathay United Bank (China) Ltd. continued to collaborate closely with our Hong Kong branch in expanding RMB and cross-border businesses, and successfully issued the first large-scale certificates of deposit in September 2021 and the first interbank certificates of deposit in November 2021, both of which will further enhance growth momentum in deposits. Cathay Lujiazui Life Insurance currently operates 12 offices (headquarters and branch offices) and 53 sales and service agencies, and continues to demonstrate stable business growth. Cathay Insurance (China) partnered with Ant Group to develop eCommerce-related insurance business.

In Southeast Asia, Cathay United Bank has overseas offices in nine of the ten ASEAN member states, totaling 59 locations. With the most extensive network in the ASEAN markets among Taiwanese banks, Cathay United Bank continues to develop diversified financial services, meet the needs of adjusting supply chains and achieve group synergies. Cathay United Bank seeks to provide one-stop financial services for corporate and individual customers. For our insurance business in Vietnam, we continue the strategy of business localization. Cathay Life Insurance (Vietnam) has 146 business offices and its premium income continues to grow consistently. Cathay Insurance Co., Ltd. (Vietnam) continues to focus on expanding its distribution channels and local operating teams, coupled with digital transformation, to increase its growth momentum and maintain stable profitability. Cathay FHC aims to connect regional operations strategically to build a business network in the Greater China and ASEAN markets and provide a comprehensive range of cross-border financial services to both overseas and domestic Taiwanese enterprises and local customers.

Our Asset Management Business Continues to Grow

Cathay FHC continues to focus on the three engines of growth, “Insurance + Banking + Asset Management,” as the core development strategy. Our global asset management business includes Conning Holdings Corp. and Cathay SITE which provide us with an asset management platform that spans across the Asia-Pacific, U.S., and European markets. Conning Holdings Corp. is a leading global asset management market that provides institutional investors with customized investment and asset allocation solutions. Cathay SITE continues to launch new products that

meet market demand, becoming the first investment trust company in Taiwan with assets under management over NT\$1 trillion. The after-tax profit for Cathay SITE reached a historical high for the year. As of the end of 2021, our total assets under management was US\$214.9 billion, a record high.

Aim to Become a Technology Company that Provides Financial Services

Committed to digital transformation, Cathay FHC employs innovative technologies across numerous digital products and services. We are building a data-driven culture based on the three areas of digital, data, and technology, and developing innovative products and services based on the spirit of “What if We Could.”

Cathay Vision Experience, known as CVX, is a remote insurance application platform developed by Cathay Life Insurance that provides end-to-end remote insurance services, including insurance policy purchase, maintenance, claims, and premium payment. CVX is the first remote insurance platform in Taiwan. Cathay Life Insurance subsequently introduced a digital platform for group insurance (Groupins+) and an individual insurance platform that allows customers to choose, combine and thereby customize policies that suit them, thus providing a complete range of unique digital insurance services and the best service experience. The mobile banking app of Cathay United Bank provides a wide variety of services and integrates banking, insurance, and securities services. Cathay United Bank’s mobile app has over five million users. The newly launched CUBE credit card consolidates numerous rewards and benefits and allows cardholders to select a reward plan that matches their spending and preferences through our mobile banking app.

Cathay FHC delivered significant progress in the development of data, technology, and middle office services. Cathay FHC developed a GIS geographic analytical platform that uses geographic data to pinpoint areas and customers with high growth potential, thereby facilitating branch expansion and business development. In addition, we developed “Cathay Shield”, a data-driven smart risk management platform, that improves digital security for customers and internal operations. Cathay FHC began deploying cloud technology with a focus on operations, management, cybersecurity, and compliance and to enhance service stability and the flexibility of backend resource expansion and management. We seek to gradually optimize our cloud strategy and cloud native architecture. Cathay FHC used internally-developed blockchain technology to form an interbank “Global Trade Sharing Blockchain Alliance,” to prevent redundant financing and strengthen the risk management capabilities of participating banks.

Cathay FHC also lead the industry by proposing the idea of a digital service ecosystem with “Cathay as a Service” (CaaS) at the core. The CaaS ecosystem is a new business model and platform that provides a one-stop experience and single

portal for collaborations with different industry partners. Cathay FHC will continue to drive digital transformation and provide excellent digital experiences through technological innovation and across our businesses with the aim of becoming a technology company that provides financial services.

Embrace New Trends and Refine the Corporate Governance of the Cathay Group

Cathay FHC is committed to creating a corporate culture of integrity and transparency and enhancing corporate governance. We actively adopt suggestions from external professional agencies, follow the international best practice of corporate governance in an ever-changing business environment, and continue to deepen our corporate governance performance. In 2021, Cathay FHC was once again rated an “Outstanding Company on Corporate Governance,” and Chairman Hong-Tu Tsai won the “Asian Corporate Director Recognition Award” for the second time, both of which represent international recognition of Cathay FHC’s corporate governance practice. Cathay FHC values the establishment and implementation of various corporate governance mechanisms, and continues to improve practices related to corporate governance. Performance highlights for 2021 include: (1) Cathay FHC participated in the Taiwan Intellectual Property Management System (TIPS) for the first time and received Level-A certification; (2) Cathay FHC improved its overall information security protection capability and completed a Security Operation Center (SOC) service mechanism, allowing 24/7 uninterrupted real-time information security monitoring and management, and major subsidiaries adopted the Information Security Management System (ISMS); (3) Cathay FHC passed the British Standards Institution (BSI) ISO 22301 Business Continuity Management System certification, which seeks to ensure the sustainable operation of the group and reduce the impact of COVID-19, extreme climate, and other emerging risks on corporate operations. Cathay FHC is the first ISO 22301-certified financial holding company in Taiwan with improved Business Continuity Management (BCM); (4) Cathay FHC adopted AI technology to manage regulatory compliance and uses new technology to more effectively prevent financial crimes and these actions were positively recognized. Looking forward to 2022, Cathay FHC will be re-electing members of our Board of Directors. According to global trends in corporate governance, board composition and performance will be a key cornerstone for the sustainable governance of Cathay FHC. For this reason, Cathay FHC will continue to adopt an effective candidate nomination system, diversify our board composition and enhance our board performance, all of which can further strengthen the sustainability of our operations and our long-term competitiveness.

Seek Net-Zero Carbon Emission Operations and be a “Pioneer of Sustainable Development”

Extreme weather events are becoming more frequent and intense, making climate change one of the world's most pressing issues. Cathay FHC continues to actively transform its business into net-zero carbon emission operations, including our committing in June 2021 to the adoption of RE100, using 100% renewable energy for all of our locations in Taiwan by 2030 and moving toward the goal of net-zero emissions by 2050. As the largest institutional investor in Taiwan, we also continue to exert our influence, urging other enterprises to undergo low-carbon transition and join Climate Action 100+, which brings together global investors responsible for over US\$60 trillion in assets and engages with 167 companies that account for over 80% of corporate industrial greenhouse gas emissions. All of the Taiwan enterprises on the list have committed to achieve net-zero emissions/carbon neutrality by 2050. In 2021, Cathay FHC also joined the Asian Utilities Engagement Program, which is coordinated by the Asia Investor Group on Climate Change (AIGCC) and backed by global institutional investors overseeing US\$8.8 trillion in assets. This initiative is aimed at engaging Asian power utilities that are responsible for 23% of the world's total carbon emissions and to strengthening carbon reduction efforts.

The sustainability performance of Cathay FHC has been recognized internationally. For seven consecutive years, Cathay FHC has been selected as a constituent in the Dow Jones Sustainability Index (DJSI), one of the most credible international indicators of corporate sustainability. In the most recent rating, Cathay FHC ranked first in financial core competencies (i.e., sustainable finance and financial inclusion, etc.) among global insurers. According to the latest ESG Ratings by MSCI, Cathay FHC received a rating of AA again, the highest among the life and health insurance industry in Taiwan, once again delivering excellent performance.

The Cathay group has been established for 60 years. Cathay FHC understands that both “sustainability” and “profitability” are both critical to long-term competitiveness. Cathay FHC will continue to fully utilize our core financial competencies, and three areas of focus of “climate, health, and empowerment” for sustainable development in order to maintain a mutually beneficial relationship with our stakeholders. As Cathay FHC takes the responsibility of being a “pioneer of sustainable development,” we will also promote sustainable development, responsible investment, and climate action in Taiwan. Through engagement and advocacy, Cathay FHC aims for the betterment of the entire industry and creating positive cycles.

Looking ahead to 2022, as many countries are easing epidemic prevention restrictions, economies could gradually recover. International institutions expect an economic recovery to continue, but attention still needs to be paid to the uncertainties caused by new COVID-19 variants. The global economy may face a new round of challenges, such as the soaring energy and food prices resulting from the war in Europe, leading to increased inflationary pressure, tighter monetary policies by central banks, and the realignment of global supply chains. With uncertainty looming

over the global economy and financial environment, we will continue to drive digital transformation, seek steady long-term growth based on proper risk management and achieve both sustainability and profitability by adhering to our core values of “Integrity, Accountability, and Innovation” and the spirit of innovation embodied in “What if We Could.” Cathay FHC will continue to strive toward our vision of becoming “a leading financial institution in the Asia-Pacific region,” thereby demonstrating our sincere gratitude and appreciation to the shareholders who have given us their invaluable support over the years.

Chairman Hong-Tu Tsai
President Chang-Ken Lee
Chief Accountant Jui-Hung Hung

2. Audit Committee Report

(1) Audit Report from the Auditing Committee

Audit Report from the Auditing Committee

The Company's 2021 business report, financial statements (including consolidated financial statements), and earnings distribution plan were prepared by the Board of Directors, in which the financial statements (including consolidated financial statements) have been audited and certified by Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA of Deloitte Taiwan, to which the firm issued an independent auditor's report.

Said reports and statements prepared by the Board of Directors have been audited by the Committee, and the Committee found them to be in compliance with regulatory requirements. The Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To:

2022 Annual General Shareholders' Meeting of Cathay Financial Holdings

Auditing Committee

Edward Yung Do Way, Convener

May 4, 2022

(2) Report on the 2021 operation of the Audit Committee

Proposed by the Board of Directors

Explanation:

(a) Review on Appointment/Renewal of CPA:

The motion to appoint the CPA in 2022 has been assessed by the Audit Committee. As a result, Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA of Deloitte Taiwan were both held satisfying the professional standing and independence requirements, and the Committee approved the appointment of both CPAs upon review.

(b) Appraisal on effectiveness of the internal control system:

The Statement of Declaration of Internal Control submitted in accordance with Paragraph 3, Article 14-1 of the “Securities and Exchange Act” was issued upon the assessment on the overall effectiveness of internal control system by the Chairman, President, Chief Internal Auditor and Chief Compliance Officer of the Company based on the Group members’ self-inspection report, improvement status about the deficiencies and abnormality in the internal control founded by the internal audit unit, and other sources of information, and subject to the authorization by the Audit Committee and Board of Directors.

The Company has issued the “Declaration of Statement for Internal Control System of Cathay Financial Holding Co., Ltd. 2021” on March 22, 2022. Except the matters identified in the Declaration of Statement, each unit of the Company has executed the internal control and compliance practices precisely and effectively.

(c) Communication between Audit Committee and Chief Internal Auditor, and the CPAs:

The CPAs attended the Company’s Audit Committee meetings periodically, and reported to the Audit Committee about the scope of audit, adjustment of audit, key audit matters, and update on securities management and taxation laws and regulations, etc. in each quarter of 2021. They also interacted with the Audit Committee members

separately before the audit planning and issuance of audit opinions in 2021. The internal audit unit would communicate with independent directors with respect to a total of 13 matters periodically. For example, the Company convened the “conference on discussion about deficiencies in the internal control system” attended by the whole Audit Committee members to discuss with the internal auditors about the deficiencies in the internal control system and produce the meeting minute therefor. For details, please refer to the “Communication Between Independent Directors and Chief Internal Auditor, and the CPAs” on the Company's website:

<https://www.cathayholdings.com/holdings/corp/intro/committee/audit>

(d) Risk Supervision:

Audit Committee shall review the Company's major risks periodically to verify the various risk exposures and compliance by the internal control system, and supervise the completeness and effectiveness of the Company's risk management system.

3. 2021 report on compensation to Employees and Directors of the Company

Proposed by the Board of Directors

Explanation:

- (1) The remuneration distribution was conducted pursuant to Article 29-1 of the Constitution of the Company.
- (2) In 2021, the remuneration for employees of the Company was 0.01% of profits earned of that year and no more than 0.05% for directors. The distribution amount was NT\$14,057,307 and NT\$2,700,000 respectively. The remuneration was distributed in cash.

II . Matters for Acknowledgement

Agenda 1 : Acknowledgement of Business Operations Report and Financial Statements for 2021

Proposed by the Board of Directors

Explanation :

- (1) The 2021 financial statements of the Company were completed by the Board of Directors and audited by Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA of Deloitte Taiwan.
- (2) The aforementioned financial statements and the business report were examined by the audit committee. We hereby propose for acknowledgement.

RESOLVED :

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cathay Financial Holding Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Policy Reserve and Liability Adequacy Test

Cathay Life Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its management adopted the actuarial model and its related multiple significant assumptions for the estimation of the policy reserve and liability adequacy test. Significant assumptions in the measurement of the policy reserve include the mortality rate, discount rate, lapse rate, morbidity rate, etc. These assumptions are made based on legislation and regulations, taking into consideration its actual experience as well as industry-specific experience. The liability adequacy test on insurance contracts is performed in accordance with the requirements issued by the Actuarial Institute of Chinese Taipei, and the discount rates for future years used in the test are based on its best estimate scenario as well as the rate of the portfolio return under current information. Since any changes in the actuarial model and significant assumptions may lead to a material impact on the estimation results of the policy reserve and the liability adequacy test, the valuation of policy reserves and liability adequacy test was identified as a key audit matter. For the related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 21 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We understood the internal controls related to management's valuation of policy reserves and liability adequacy test as well as evaluated the operating effectiveness of these internal controls.
2. We obtained the actuarial report issued by the contracted actuary which was used as the basis for the management's valuation of policy reserves and liability adequacy test, and evaluated the contracted actuary's professional competence and capability.
3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:
 - a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.
 - b. Evaluated the actuarial model and significant assumptions used in its valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.
 - c. Performed profiling tests on long-term insurance policies as of December 31, 2021 to identify any abnormalities on the recognized amounts of policy reserve on each individual insurance policy.
 - d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the year ended December 31, 2021.

4. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the liability adequacy test. The actuarial specialist:
 - a. Tested on a sample basis the correctness of classification of the newly issued insurance products for the year ended December 31, 2021.
 - b. Sampled the significant assumptions provided by the management for our audits in order to examine whether the assumptions were consistent with the requirements and the important built-in assumptions in the information system.
 - c. Tested and assessed the actuarial model and its significant assumptions used by the management in its liability adequacy test on a sample basis and performed recalculations on the individual insurance policies.
 - d. Assessed the reasonableness of the calculation results of the liability adequacy test as a whole based on a comparative analysis of the previous year's results and taking into consideration the business development for the year ended December 31, 2021.

Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of fair values involve significant judgments and estimates, we determined the assessment of the fair values of investment properties as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 14 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and verified the qualification of the appraisers.
2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by its management, including the appraisal methods, main parameters and discount rate of the appraisal reports.

Impairment Assessment on Loans

Cathay United Bank Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its domestic loans was considered material to the consolidated financial statements as a whole. As the assessment of impairment of loans involves accounting estimates and management's significant judgment, and as the impairment assessment on loans under the relevant regulations issued by the authorities is substantially larger than that under IFRS 9, hence, we determined the impairment of the loans under the relevant regulations prescribed by the authorities as a key audit matter.

Its management regularly assesses the impairment on its loans. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 11.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We understood and tested its internal controls of impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories to see if it complies with the relevant regulations issued by the authorities.
3. We performed the test on selected samples to ensure the appropriateness of impairment by the length of the overdue period and the value of the collateral of each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective category to see if it complies with the relevant regulations issued by the authorities.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hung Kuo and Shu-Wan Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2022

Notice to Readers

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 28)	\$ 467,635,057	4	\$ 536,716,255	5
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	234,546,475	2	129,503,924	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7, 28 and 29)	1,929,395,229	17	1,748,081,143	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8, 28 and 29)	1,626,821,625	14	1,562,998,457	14
DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 9 and 29)	3,266,686,240	28	3,161,044,538	29
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	500,642	-	146,959	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Note 4)	77,243,060	1	67,264,342	1
RECEIVABLES, NET (Notes 4, 5, 10 and 28)	205,480,862	2	191,916,164	2
CURRENT TAX ASSETS	4,164,103	-	4,689,275	-
ASSETS HELD FOR SALE, NET	283,087	-	-	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 11 and 28)	2,287,115,449	20	2,141,276,205	19
REINSURANCE CONTRACT ASSETS, NET	12,260,483	-	9,646,628	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 13 and 28)	32,614,572	-	33,036,282	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 23)	741,107,026	6	660,547,975	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 14, 28 and 29)	432,525,464	4	419,476,228	4
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	97,852,266	1	98,405,132	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 28)	4,362,776	-	4,138,543	-
INTANGIBLE ASSETS, NET (Notes 4, 17 and 38)	51,543,583	-	54,002,407	-
DEFERRED TAX ASSETS (Note 4)	63,746,198	1	61,507,384	1
OTHER ASSETS, NET (Notes 28 and 29)	<u>58,477,264</u>	<u>-</u>	<u>66,074,603</u>	<u>1</u>
TOTAL	<u>\$ 11,594,361,461</u>	<u>100</u>	<u>\$ 10,950,472,444</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 74,605,174	1	\$ 66,131,059	1
DUE TO THE CENTRAL BANK AND BANKS	1,076,000	-	1,076,000	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	79,934,187	1	140,778,098	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	20,956	-	139,858	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	39,827,873	-	12,299,564	-
COMMERCIAL PAPER PAYABLE, NET (Note 18)	63,469,166	-	39,519,918	1
PAYABLES (Note 28)	76,870,285	1	68,696,694	1
CURRENT TAX LIABILITIES (Note 4)	7,528,389	-	20,628,900	-
DEPOSITS AND REMITTANCES (Notes 19 and 28)	2,871,960,053	25	2,615,799,063	24
BONDS PAYABLE (Note 20)	141,800,000	1	148,800,000	1
OTHER BORROWINGS	1,670,185	-	1,657,576	-
PROVISIONS (Notes 4, 21 and 22)	6,448,259,356	56	6,117,073,219	56
OTHER FINANCIAL LIABILITIES (Notes 4 and 23)	763,908,198	7	692,760,284	6
LEASE LIABILITIES (Notes 4, 16 and 28)	14,721,170	-	13,011,637	-
DEFERRED TAX LIABILITIES (Notes 4 and 26)	52,976,726	-	67,823,378	1
OTHER LIABILITIES (Note 28)	<u>41,695,016</u>	<u>-</u>	<u>39,501,515</u>	<u>-</u>
Total liabilities	<u>10,680,322,734</u>	<u>92</u>	<u>10,045,696,763</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)				
Share capital				
Ordinary shares	131,692,102	1	131,692,102	1
Preference shares	15,333,000	-	15,333,000	-
Capital surplus	177,244,388	2	177,256,053	2
Retained earnings				
Legal reserve	59,471,895	1	51,967,688	-
Special reserve	150,716,023	1	149,894,910	1
Unappropriated earnings	267,799,001	2	169,606,342	2
Other equity	<u>99,781,737</u>	<u>1</u>	<u>197,311,121</u>	<u>2</u>
Total equity attributable to owners of the Company	902,038,146	8	893,061,216	8
NON-CONTROLLING INTERESTS (Notes 4 and 24)	<u>12,000,581</u>	<u>-</u>	<u>11,714,465</u>	<u>-</u>
Total equity	<u>914,038,727</u>	<u>8</u>	<u>904,775,681</u>	<u>8</u>
TOTAL	<u>\$ 11,594,361,461</u>	<u>100</u>	<u>\$ 10,950,472,444</u>	<u>100</u>

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 28)	\$ 207,813,024	33	\$ 208,249,264	33
INTEREST EXPENSE (Notes 4 and 28)	<u>(12,930,863)</u>	<u>(2)</u>	<u>(17,319,732)</u>	<u>(3)</u>
NET INTEREST INCOME	<u>194,882,161</u>	<u>31</u>	<u>190,929,532</u>	<u>30</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME				
Net gain on service fee and commission fee (Notes 4, 23, 25 and 28)	12,648,663	2	7,244,068	1
Net income on insurance operations (Notes 4, 25 and 28)	218,483,618	35	312,998,311	50
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	142,017,737	23	216,970,443	35
Gain on investment properties (Notes 4, 14 and 28)	11,657,941	2	13,234,433	2
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	33,186,918	5	32,746,487	5
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	37,416,140	6	39,123,029	6
Foreign exchange loss (Note 4)	(74,946,785)	(12)	(126,717,214)	(20)
Reversal of impairment loss (impairment loss) on assets (Note 4)	2,299,198	1	(1,860,502)	-
Share of profit (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	1,806,724	-	(12,084,664)	(2)
Gain (loss) on reclassification using the overlay approach (Notes 4 and 7)	39,313,145	6	(49,149,740)	(8)
Net other non-interest gain (Note 28)	<u>7,197,145</u>	<u>1</u>	<u>6,480,302</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>625,962,605</u>	<u>100</u>	<u>629,914,485</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 21 and 25)	<u>(377,408,390)</u>	<u>(60)</u>	<u>(462,094,141)</u>	<u>(73)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(3,484,370)</u>	<u>(1)</u>	<u>(3,177,875)</u>	<u>(1)</u>
OPERATING EXPENSES (Notes 25 and 28)				
Employee benefit expenses	(53,706,468)	(9)	(52,661,132)	(8)
Depreciation and amortization expenses	(7,397,795)	(1)	(7,358,416)	(1)
Other general and administrative expenses	<u>(24,439,211)</u>	<u>(4)</u>	<u>(23,007,140)</u>	<u>(4)</u>
Total operating expenses	<u>(85,543,474)</u>	<u>(14)</u>	<u>(83,026,688)</u>	<u>(13)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 159,526,371	25	\$ 81,615,781	13
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(18,637,061)</u>	<u>(3)</u>	<u>(5,657,558)</u>	<u>(1)</u>
NET INCOME	<u>140,889,310</u>	<u>22</u>	<u>75,958,223</u>	<u>12</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,208,112	-	(617,081)	-
Property revaluation surplus	332,149	-	-	-
Gain on equity instruments at fair value through other comprehensive income	9,716,739	2	3,822,815	1
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	736,634	-	464,755	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(47,908)	-	317,967	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	307,054	-	265,474	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(2,842,282)	-	(2,219,050)	-
(Loss) gain on hedging instruments	(13,681)	-	13,263	-
(Loss) gain on debt instruments at fair value through other comprehensive income	(79,200,595)	(13)	40,470,410	6
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	(1,038,743)	-	(162,146)	-

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Other comprehensive (loss) income reclassified using overlay approach	\$ (39,313,145)	(6)	\$ 49,149,740	8
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>15,879,804</u>	<u>2</u>	<u>(11,267,656)</u>	<u>(2)</u>
Total other comprehensive (loss) income for the period, net of income tax	<u>(94,275,862)</u>	<u>(15)</u>	<u>80,238,491</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 46,613,448</u>	<u>7</u>	<u>\$ 156,196,714</u>	<u>25</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 139,514,082	22	\$ 74,579,460	12
Non-controlling interests	<u>1,375,228</u>	<u>-</u>	<u>1,378,763</u>	<u>-</u>
	<u>\$ 140,889,310</u>	<u>22</u>	<u>\$ 75,958,223</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 45,166,120	7	\$ 154,988,421	25
Non-controlling interests	<u>1,447,328</u>	<u>-</u>	<u>1,208,293</u>	<u>-</u>
	<u>\$ 46,613,448</u>	<u>7</u>	<u>\$ 156,196,714</u>	<u>25</u>
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	<u>\$ 10.34</u>		<u>\$ 5.41</u>	

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company																
	Other Equity											Non-controlling Interests	Total Equity				
							Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans			Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total
	Share Capital		Capital Surplus	Retained Earnings		Unappropriated Earnings											
Ordinary Shares	Preferred Shares	Legal Reserve		Special Reserve													
BALANCE, AT JANUARY 1, 2020	\$ 131,692,102	\$ 15,333,000	\$ 177,256,976	\$ 46,122,845	\$ 221,977,672	\$ 58,181,890	\$ (13,319,620)	\$ 68,319,953	\$ 331,930	\$ (1,850,508)	\$ (1,507,864)	\$ 11,240,314	\$ 57,968,675	\$ -	\$ 771,747,365	\$ 10,279,814	\$ 782,027,179
Appropriation 2019 earnings																	
Legal reserve	-	-	-	5,844,843	-	(5,844,843)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(71,928,090)	71,928,090	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(26,338,420)	-	-	-	-	-	-	-	-	(26,338,420)	-	(26,338,420)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(923)	-	-	-	-	-	-	-	-	-	-	-	(923)	-	(923)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,944,303)	(3,944,303)	-	(3,944,303)
Net income for the year ended December 31, 2020	-	-	-	-	-	74,579,460	-	-	-	-	-	-	-	-	74,579,460	1,378,763	75,958,223
Other comprehensive (loss) income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(2,144,389)	38,081,079	15,941	371,803	(458,415)	-	44,542,942	-	80,408,961	(170,470)	80,238,491
Total comprehensive income (loss) for year ended December 31, 2020	-	-	-	-	-	74,579,460	(2,144,389)	38,081,079	15,941	371,803	(458,415)	-	44,542,942	-	154,988,421	1,208,293	156,196,714
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	193,192	-	(193,192)	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	(154,672)	297,897	-	-	-	-	-	(143,225)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	226,358	226,358
BALANCE, AT DECEMBER 31, 2020	131,692,102	15,333,000	177,256,053	51,967,688	149,894,910	169,606,342	(15,464,009)	106,207,840	347,871	(1,478,705)	(1,966,279)	11,097,089	102,511,617	(3,944,303)	893,061,216	11,714,465	904,775,681
Appropriation of 2020 earnings																	
Legal reserve	-	-	-	7,504,207	-	(7,504,207)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,025,611	(1,025,611)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(32,923,025)	-	-	-	-	-	-	-	-	(32,923,025)	-	(32,923,025)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(11,665)	-	-	(26,903)	-	(2,076)	-	-	-	-	-	-	(40,644)	-	(40,644)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(554,511)	-	-	-	-	-	-	-	719,914	165,403	(176,506)	(11,103)
Net income for the year ended December 31, 2021	-	-	-	-	-	139,514,082	-	-	-	-	-	-	-	-	139,514,082	1,375,228	140,889,310
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	(94,347,962)	72,100	(94,275,862)
Total comprehensive income (loss) for year ended December 31, 2021	-	-	-	-	-	139,514,082	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	45,166,120	1,447,328	46,613,448
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	3,834,335	-	(3,834,335)	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	(204,498)	269,423	-	-	-	-	-	(64,925)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(984,706)	(984,706)
BALANCE, AT DECEMBER 31, 2021	\$ 131,692,102	\$ 15,333,000	\$ 177,244,388	\$ 59,471,895	\$ 150,716,023	\$ 267,799,001	\$ (18,652,251)	\$ 47,131,473	\$ 335,851	\$ (889,397)	\$ (966,130)	\$ 11,281,909	\$ 64,764,671	\$ (3,224,389)	\$ 902,038,146	\$ 12,000,581	\$ 914,038,727

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 159,526,371	\$ 81,615,781
Adjustments for:		
Depreciation expense	4,111,453	4,026,580
Amortization expense	3,286,342	3,331,836
Bad debt expense	3,484,370	3,177,875
Gain on financial assets and liabilities at fair value through profit or loss	(125,960,769)	(200,901,199)
Interest expense	12,930,863	17,319,732
Net gain on derecognition of financial assets at amortized cost	(37,416,140)	(39,123,029)
Interest income	(207,813,024)	(208,249,264)
Dividend income	(22,306,890)	(19,409,573)
Net change in insurance liabilities	336,991,049	406,251,525
Net changes in other provisions	(5,767,139)	(3,180,012)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(1,806,724)	12,084,664
(Gain) loss on reclassification using the overlay approach	(39,313,145)	49,149,740
Loss on disposal and retirement of property and equipment	9,975	71,249
(Gain) loss on disposal of investment properties	(23,700)	474,481
Loss on disposal of intangible assets	-	6,260
Gain on disposal of investments accounted for using the equity method	(167,748)	(1,786,696)
Gain on disposal of investments	(26,532,879)	(28,739,603)
(Reversal of expected credit loss) expected credit loss on financial assets	(2,299,198)	1,860,502
Gain on changes in fair value of investment properties	(957,835)	(2,113,979)
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(11,737,020)	(10,914,208)
(Increase) decrease in financial assets at fair value through profit or loss	(16,019,550)	258,808,341
Increase in financial assets at fair value through other comprehensive income	(105,890,639)	(307,748,117)
Increase in debt instruments at amortized cost	(66,414,804)	(54,562,318)
(Increase) decrease in financial assets for hedging	(157,643)	93,292
Increase in receivables	(12,366,383)	(7,129,465)
Increase in loans	(149,313,340)	(77,416,828)
Increase in reinsurance assets	(2,646,202)	(918,046)
Decrease (increase) in other financial assets	2,366,619	(10,988,359)
Decrease (increase) in other assets	3,991,220	(8,061,537)
Increase (decrease) deposits from the Central Bank and banks	8,474,115	(17,977,069)
Decrease in financial liabilities at fair value through profit or loss	(98,353,852)	(109,613,264)
(Decrease) increase in financial liabilities for hedging	(328,623)	430,051
Increase (decrease) in notes and bonds sold under repurchase agreements	27,528,309	(37,978,969)
Increase in payables	8,552,337	4,136,883

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CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021	2020
Increase in deposits and remittances	\$ 256,160,990	\$ 312,355,247
Increase in provisions for employee benefits	39,727	109,114
Decrease in provisions	(45,153)	(151,034)
Decrease in other financial liabilities	(11,378,375)	(18,354,330)
Increase in other liabilities	5,706,826	2,627,333
Cash used in operations	(111,856,209)	(7,386,413)
Interest received	208,731,688	210,196,945
Dividends received	23,172,239	20,203,784
Interest paid	(14,416,154)	(19,518,618)
Income tax paid	(33,115,959)	(7,309,251)
Net cash generated from operating activities	<u>72,515,605</u>	<u>196,186,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(33,909,657)	(34,845,034)
Proceeds from disposal of financial assets at fair value through other comprehensive income	33,464,578	34,711,067
Acquisition of financial assets at fair value through profit or loss	(1,082,603)	(1,040,985)
Proceeds from disposal of financial assets at fair value through profit or loss	581,550	662,239
Proceeds from capital reduction of financial assets at fair value through profit or loss	14,800	-
Acquisition of investments accounted for using equity method	(414,500)	(495,185)
Proceeds from disposal of investments accounted for using equity method	307,166	-
Net cash outflow from acquisition of subsidiaries (deducted cash and cash equivalent balances acquired)	-	(152,501)
Proceeds from capital reduction of investments accounted for using equity method	404,415	245,904
Acquisition of property and equipment	(2,728,904)	(2,371,706)
Proceeds from disposal of property and equipment	1,608	11,977
Acquisition of intangible assets	(733,320)	(510,889)
Acquisition of investment properties	(11,576,015)	(7,130,742)
Proceeds from disposal of investment properties	117,100	422,925
Decrease (increase) in other assets	2,564,385	(4,762,543)
Dividends received	97,878	89,620
Net cash used in investing activities	<u>(12,891,519)</u>	<u>(15,165,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from the Central Bank and banks	-	1,076,000
Increase (decrease) in commercial paper payable	23,950,000	(14,500,000)
Proceeds from issuance of bonds payable	-	30,000,000

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021	2020
Repayment of financial debentures	\$ (7,000,000)	\$ (100,000)
Increase (decrease) in borrowings	70,853	(480,337)
Decrease in financial liabilities designated as at fair value through profit or loss	-	(11,289,165)
Repayment of the principal portion of lease liabilities	(1,548,493)	(1,589,482)
(Decrease) increase in other liabilities	(2,889,289)	2,139,275
Dividends paid	(36,313,949)	(29,729,344)
Acquisition of interests in subsidiaries	(605,519)	-
Changes in non-controlling interests	<u>(676,345)</u>	<u>(1,188,663)</u>
Net cash used in financing activities	<u>(25,012,742)</u>	<u>(25,661,716)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(394,137)</u>	<u>(748,546)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,217,207	154,610,332
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>657,824,480</u>	<u>503,214,148</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 692,041,687</u>	<u>\$ 657,824,480</u>
Reconciliation of cash and cash equivalents:		
	December 31	
	2021	2020
Cash and cash equivalents presented in the consolidated balance sheets	\$ 467,635,057	\$ 536,716,255
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	147,163,570	53,843,883
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>77,243,060</u>	<u>67,264,342</u>
Cash and cash equivalents at the end of the years	<u>\$ 692,041,687</u>	<u>\$ 657,824,480</u>

(Concluded)

Cathay Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31		LIABILITIES AND EQUITY	December 31	
	2021	2020		2021	2020
CASH AND CASH EQUIVALENTS	\$ 633,233	\$ 915,274	COMMERCIAL PAPER PAYABLE, NET	\$ 58,510,000	\$ 38,250,000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	36,260,000	36,445,500	PAYABLES	6,024,616	696,079
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	143,491	116,200	CURRENT TAX LIABILITIES	7,057,511	19,849,285
RECEIVABLES, NET	1,466,748	7,739,321	BONDS PAYABLE	50,000,000	50,000,000
CURRENT TAX ASSETS	4,102,282	4,650,365	PROVISIONS	749,874	766,414
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	981,855,958	953,059,879	LEASE LIABILITIES	124,980	249,631
PROPERTY AND EQUIPMENT, NET	55,225	58,912	DEFERRED TAX LIABILITIES	266,714	266,714
RIGHT-OF-USE ASSETS	123,677	249,272	OTHER LIABILITIES	<u>579</u>	<u>163,886</u>
DEFERRED TAX ASSETS	35,604	25,397	Total liabilities	<u>122,734,274</u>	<u>110,242,009</u>
OTHER ASSETS	<u>96,202</u>	<u>43,105</u>	EQUITY		
			Share capital		
			Ordinary shares	131,692,102	131,692,102
			Preference shares	15,333,000	15,333,000
			Capital surplus	177,244,388	177,256,053
			Retained earnings		
			Legal reserve	59,471,895	51,967,688
			Special reserve	150,716,023	149,894,910
			Unappropriated earnings	267,799,001	169,606,342
			Other equity	<u>99,781,737</u>	<u>197,311,121</u>
			Total equity	<u>902,038,146</u>	<u>893,061,216</u>
TOTAL	<u>\$ 1,024,772,420</u>	<u>\$ 1,003,303,225</u>	TOTAL	<u>\$ 1,024,772,420</u>	<u>\$ 1,003,303,225</u>

Cathay Financial Holding Co., Ltd.

Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2021	2020
REVENUE		
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 141,760,801	\$ 76,787,053
Other operating income	<u>1,298,450</u>	<u>2,480,733</u>
Total revenue	<u>143,059,251</u>	<u>79,267,786</u>
EXPENSES AND LOSSES		
Operating expenses	(1,766,470)	(1,638,721)
Other expenses and losses	<u>(736,471)</u>	<u>(511,379)</u>
Total expenses and losses	<u>(2,502,941)</u>	<u>(2,150,100)</u>
INCOME BEFORE TAX	140,556,310	77,117,686
INCOME TAX EXPENSE	<u>(1,042,228)</u>	<u>(2,538,226)</u>
NET INCOME	<u>139,514,082</u>	<u>74,579,460</u>
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(10,692)	(1,395)
Gain on equity instruments at fair value through other comprehensive income	27,291	9,496
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	12,233,990	4,245,540
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,139	279
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>(106,600,690)</u>	<u>76,155,041</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(94,347,962)</u>	<u>80,408,961</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 45,166,120</u>	<u>\$ 154,988,421</u>
EARNINGS PER SHARE		
Basic	<u>\$10.34</u>	<u>\$5.41</u>

Cathay Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Other Equity														
	Share Capital			Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total Equity
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2020	\$ 131,692,102	\$ 15,333,000	\$ 177,256,976	\$ 46,122,845	\$ 221,977,672	\$ 58,181,890	\$ (13,319,620)	\$ 68,319,953	\$ 331,930	\$ (1,850,508)	\$ (1,507,864)	\$ 11,240,314	\$ 57,968,675	\$ -	\$ 771,747,365
Appropriation of 2019 earnings															
Legal reserve	-	-	-	5,844,843	-	(5,844,843)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(71,928,090)	71,928,090	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(26,338,420)	-	-	-	-	-	-	-	-	(26,338,420)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(923)	-	-	-	-	-	-	-	-	-	-	-	(923)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,944,303)	(3,944,303)
Net income for the year ended December 31, 2020	-	-	-	-	-	74,579,460	-	-	-	-	-	-	-	-	74,579,460
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(2,144,389)	38,081,079	15,941	371,803	(458,415)	-	44,542,942	-	80,408,961
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	74,579,460	(2,144,389)	38,081,079	15,941	371,803	(458,415)	-	44,542,942	-	154,988,421
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	193,192	-	(193,192)	-	-	-	-	-	-	-
Others	-	-	-	-	(154,672)	297,897	-	-	-	-	-	(143,225)	-	-	-
BALANCE AT DECEMBER 31, 2020	131,692,102	15,333,000	177,256,053	51,967,688	149,894,910	169,606,342	(15,464,009)	106,207,840	347,871	(1,478,705)	(1,966,279)	11,097,089	102,511,617	(3,944,303)	893,061,216
Appropriation of 2020 earnings															
Legal reserve	-	-	-	7,504,207	-	(7,504,207)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,025,611	(1,025,611)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(32,923,025)	-	-	-	-	-	-	-	-	(32,923,025)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(11,665)	-	-	(26,903)	-	(2,076)	-	-	-	-	-	-	(40,644)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(554,511)	-	-	-	-	-	-	-	719,914	165,403
Net income for the year ended December 31, 2021	-	-	-	-	-	139,514,082	-	-	-	-	-	-	-	-	139,514,082
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	(94,347,962)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	139,514,082	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	45,166,120
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	3,834,335	-	(3,834,335)	-	-	-	-	-	-	-
Others	-	-	-	-	(204,498)	269,423	-	-	-	-	-	(64,925)	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 131,692,102	\$ 15,333,000	\$ 177,244,388	\$ 59,471,895	\$ 150,716,023	\$ 267,799,001	\$ (18,652,251)	\$ 47,131,473	\$ 335,851	\$ (889,397)	\$ (966,130)	\$ 11,281,909	\$ 64,764,671	\$ (3,224,389)	\$ 902,038,146

Cathay Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 140,556,310	\$ 77,117,686
Adjustments for:		
Depreciation expenses	141,502	72,436
Loss (gain) on of financial assets at fair value through profit or loss	185,500	(1,176,000)
Interest income	(1,271,181)	(1,261,303)
Dividend income	(7,265)	(5,512)
Interest expenses	521,517	481,797
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(141,760,801)	(76,787,053)
Loss on disposal and retirement of property and equipment	338	103
Changes in operating assets and liabilities		
Receivables	-	(15,900)
Other assets	(300)	5,857
Payables	76,472	101,752
Provisions	635	4,894
Other liabilities	(46)	(5)
Cash used in operations	(1,557,319)	(1,461,248)
Interest received	1,271,155	1,261,320
Dividends received	7,265	5,512
Interest paid	(535,387)	(384,538)
Income tax paid	(1,960,532)	(45,357)
Net cash used in operating activities	(2,774,818)	(624,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity the method	-	(1,200,000)
Acquisition of property and equipment	(9,649)	(15,961)
Disposal of property and equipment	127	-
(Increase) decrease in other assets	(38,846)	289
Dividends received	18,722,781	12,381,325
Net cash generated from investing activities	18,674,413	11,165,653
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	20,260,000	(10,230,000)
Issuance of corporate bonds	-	30,000,000
Repayments of the principal portion of lease liabilities	(127,687)	(61,417)
Dividends paid	(36,313,949)	(29,729,344)
Net cash used in financing activities	(16,181,636)	(10,020,761)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(282,041)	520,581
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	915,274	394,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 633,233</u>	<u>\$ 915,274</u>

Agenda 2 : Acknowledgement of earnings distribution for 2021

Proposed by the Board of Directors

Explanation :

- (1) The paid-in capital of the Company is NT\$147,025,101,280, divided into 14,702,510,128 shares. Among all shares, there are 13,169,210,128 common stocks and 1,533,300,000 preferred stocks. After distributing NT\$3,390,924,000 in dividends for preferred stocks, we plan to distribute NT\$3.5 of dividends, all in cash, for common stocks, and the total amount is NT\$46,092,235,448.
- (2) If, after the proposed dividend has been approved, there is a change in the number of shares outstanding on the dividend record date as a result of any buyback, transfer, conversion, or cancellation by the Company in accordance with Article 28-2 of the Securities and Exchange Act, any issuance of global depository receipts, or other causes to issue new shares, the payout ratios for the cash dividends will be adjusted by the actual number of shares outstanding on the dividend record date.
- (3) Once the proposal is approved at the shareholders meeting, the Board and/ or the Chairman will be authorized to determine the ex-dividend date and adjust the payout ratio based on actual conditions. We hereby propose for acknowledgement.

RESOLVED :

Cathay Financial Holding Co., Ltd.
Earnings Distribution Plan of the year 2021

Unit : NT Dollar

Item	Amount
(I) Undistributed earnings at the beginning of the period	125,031,996,815
Net income of the current period	139,514,082,209
Add: Any items other than net profit- Disposal of equity instruments measured at fair value through other comprehensive income	3,834,336,010
Less: Any items other than net profit- Net effect of fair value by disposal of investment property (Note1)	(15,363,543)
Less: Changes in recognition of subsidiaries, affiliates and joint ventures using the equity method	(581,414,655)
(II) Any items other than net profit after tax plus any items other than net profit	142,751,640,021
Less: Legal reserves	(14,275,164,002)
Less: Special reserves- Net effect on investment property at fair value (Note1)	(52,627,954)
(III) Distributable earnings	253,455,844,880
Less: Cash Dividends on preferred stock A, (NT\$2.28 per share)	(1,899,924,000)
Less: Cash Dividends on preferred stock B, (NT\$2.13 per share)	(1,491,000,000)
Less: Cash Dividends on common stock, (NT\$3.5 per share)	(46,092,235,448)
Balance	203,972,685,432

Note1: Pursuant to the Financial Supervisory Commission (FSC) Letters No. 10310000140 dated February 19, 2014 and No. 1030006415 dated March 18, 2014, companies that account for investment properties using the fair value method are required to provide special reserves for any fair value gains that have the effect of increasing retained earnings. Subsequently, when the fair value of the investment property declines, or when the investment property is disposed of, the company may reverse the increase.

Note2: The cash dividend is calculated to the nearest NT dollar based on the distribution ratio. The remainder is rounded up. The difference is paid as an expense of the company.

III. Matters for Discussion and Election

Agenda 1 : Discussion on the amendments to the Articles of Incorporation

Proposed by the Board of Directors

Explanation :

- (1) In response to the Company Law, open public offering companies may apply video conferences of shareholders' meetings, and amend Article 12 of the company's articles of association to provide a channel for shareholders to facilitate their participation in shareholders' meetings.
- (2) To cooperate with the FSC to improve the dividend policy, revise Article 30 of the company's articles of association.
- (3) Please refer to page 35-37 of the Handbook for Comparison Table of Amendments. We hereby propose for discussion.

RESOLVED :

Cathay Financial Holdings Corporation

Articles of Incorporation, the Parts Amended, Contents Before & After Amendment in Comparison

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 12</p> <p>Shareholders' meeting shall be divided into regular shareholders' meetings and special shareholders' meetings, and shall, unless otherwise provided for in the law, be convened by the Board of Directors. The regular shareholders' meeting shall be convened within 6 months after the close of each fiscal year, whereas a special shareholders' meeting is held in accordance with the law whenever necessary.</p> <p>The shareholders' meeting of preferred shares may be convened in accordance with laws and regulations when necessary.</p> <p><u>A company may explicitly provide for Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p> <p><u>In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u></p>	<p>Article 12</p> <p>Shareholders' meeting shall be divided into regular shareholders' meetings and special shareholders' meetings, and shall, unless otherwise provided for in the law, be convened by the Board of Directors. The regular shareholders' meeting shall be convened within 6 months after the close of each fiscal year, whereas a special shareholders' meeting is held in accordance with the law whenever necessary.</p> <p>The shareholders' meeting of preferred shares may be convened in accordance with laws and regulations when necessary.</p>	<p>1. In accordance with Article 172-2 of the Company Law, companies that open public offerings may apply video conferences of shareholders' meetings. According to Paragraph 1 of the same article, the articles of association of the company may stipulate that when the shareholders' meetings are held, they shall be held by video conference or announcement by the central competent authority.</p> <p>2. In order to clarify the effectiveness of shareholders' attendance at the shareholders' meeting by video, as stated in item 4, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p>

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 30</p> <p>In order to continue the Company’s business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.</p> <p>The Company shall pay all taxes, as required by the law and applicable regulations, from the year’s earnings and make a regulatory required deduction for prior years’ losses and contributions to legal <u>reserve pursuant to laws, provision of special reserves pursuant to laws or subject to actual needs</u>, and distribution of dividend on preferred shares when there are positive earnings shown on the approved financial statements.</p> <p>Residual earnings (hereinafter referred to the “Current Year Earnings”) shall then be added to the starting retained earnings <u>and reversal of special reserve pursuant to laws</u> as the distributable base, which is based on the Company’s business planning and will be submitted to a shareholders’ meeting for approval. After the allocation of stock distribution, which is made based on the capital needed by the Company’s business plan, the residual earnings shall be distributed in cash, provided that the total distributed dividends shall be no less than <u>20%</u> of the “Current Year Earnings,” and the distributed cash dividend shall be no less than 10% of the total distribution for that fiscal year.</p>	<p>Article 30</p> <p>In order to continue the Company’s business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.</p> <p>The Company shall pay all taxes, as required by the law and applicable regulations, from the year’s earnings and make a regulatory required deduction for prior years’ losses and contributions to legal, reserve, provision or <u>reversal of special reserves</u> and distribution of dividend on preferred shares when there are positive earnings shown on the approved financial statements.</p> <p>Residual earnings (hereinafter referred to the “Current Year Earnings”) shall then be added to the starting retained earnings as the distributable base, which is based on the Company’s business planning and will be submitted to a shareholders’ meeting for approval.</p> <p>After the allocation of stock distribution, which is made based on the capital needed by the Company’s business plan, the residual earnings shall be distributed in cash, provided that the total distributed dividends shall be no less than <u>30%</u> of the current year earnings, and the distributed cash dividend shall be no less than 10% of the total distribution for that fiscal year.</p>	<p>Amend the Company’s dividend policy and correct the text in response to the robust dividend policy boosted by FSC for better clarity.</p>

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 33</p> <p>These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016; June 8, 2018; June 14, 2019; June 12, 2020 <u>and June 17, 2022.</u></p>	<p>Article 33</p> <p>These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016 and June 8, 2018; June 14, 2019 and June 12, 2020.</p>	<p>Add the dates of amendments.</p>

Agenda 2 : Discussion on the amendments to the Rules of Procedure for Shareholders' Meetings

Proposed by the Board of Directors

Explanation :

- (1) In order to deal with the need in the digital age to provide a channel convenient for shareholders to attend a shareholders' meeting, the Company's "Rules of Procedure for Shareholders' Meetings" are amended in reference to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" amended by Taiwan Stock Exchange Corporation (TWSE).
- (2) Please refer to page 39-57 of the Handbook for the Comparison Chart of Original and Amended Articles we hereby propose for discussion.

RESOLVED :

Cathay Financial Holdings Corporation

Rules of Procedure for Shareholders' Meetings, the Parts Amended, Contents Before & After Amendment in Comparison

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p><u>Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>(Omitted)</p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>(Omitted)</p>	<p>In order to enable shareholders to know any changes in the method by which a shareholders' meeting is convened, the provisions are added in reference to Paragraph 2, Article 3 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>
<p><u>Article 3-1 (Types of virtual shareholders' meeting)</u></p> <p><u>The virtual shareholders' meetings are categorized into the following two types:</u></p> <p><u>1. Hybrid shareholders' meeting: to be convened physically and shared on the virtual meeting platform, which the shareholders may choose to attend physically or via the virtual meeting platform.</u></p> <p><u>2. Virtual-only shareholders' meeting: to be convened on the virtual meeting platform only, which the shareholders may choose to attend via the virtual meeting platform.</u></p> <p><u>Where the Company convenes a shareholders' meeting via the virtual meeting platform, the directors taking</u></p>		<p>1. <u>The provision is added.</u></p> <p>2. In response to Paragraph 3, Article 12 added to the Articles of Incorporation stipulates that a "shareholders' meeting can be held by means of visual communication network," and in accordance with Article</p>

Contents after amendment	Current Contents	Reasons for amendment
<p><u>part in such a meeting via the virtual meeting platform shall be deemed to have attended the meeting in person.</u></p>		<p>44-9 of the “Regulations Governing the Administration of Shareholder Services of Public Companies” that the virtual shareholders’ meetings may consist of a hybrid shareholders’ meeting which may be held physically and allow shareholders to attend the meeting via the virtual meeting platform, and also the virtual-only shareholders’ meeting, which is convened intangibly but via the virtual meeting platform only, this provision expressly defines the types of virtual shareholders’ meeting accordingly.</p>

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 4(Attendance at a shareholders' meeting by proxy, and power of attorney)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>When the Company convenes a virtual shareholders' meeting, after a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting electronically, a written notice of proxy cancellation shall be submitted to the Company</u></p>	<p>Article 4(Attendance at a shareholders' meeting by proxy, and power of attorney)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	<p>1. When a shareholder appoints a proxy to attend the shareholders' meeting on behalf of him/her, after a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting electronically, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date.</p> <p>2. In reference to Paragraph 4, Article 4 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>

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<p><u>two days before the meeting date. If the cancellation notice is submitted after the due date, votes cast at the meeting by the proxy shall prevail.</u></p>		
<p>Article 5 (Principles determining the time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.</u></p>	<p>Article 5 (Principles determining the time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	<p>The provision is added to expressly provide that a shareholders' meeting convened via the virtual meeting platform may be exempted from the restriction on venue, in reference to Paragraph 2, Article 5 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>
<p>Article 6 (Preparation of documents such as the attendance book)</p> <p>This Corporation shall furnish the attending shareholders or proxies (collectively "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is</p>	<p>Article 6 (Preparation of documents such as the attendance book)</p> <p>This Corporation shall furnish the attending shareholders or proxies (collectively "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is</p>	<p>In order to specify that a shareholder who intends to attend the meeting electronically shall register the proxy cancellation with the Company two days before the meeting date and enable the shareholder attending the</p>

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<p>appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p>meeting electronically to access the information related to the shareholders' meeting, the relevant provision is added in reference to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>
<p><u>Article 6-1 (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)</u></p> <p><u>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</u></p> <p><u>How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>A.To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the</u></p>		<ol style="list-style-type: none"> <u>1. The provision is added.</u> <u>2. In order to enable shareholders to know about the related rights and restrictions prior to attending a shareholders' meeting, it expressly defined that the meeting notice shall include the information about how shareholders attend a virtual shareholders' meeting and exercise their rights, actions to be taken if the virtual</u>

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<p><u>meeting will resume.</u></p> <p><u>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>C. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>		<p>meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least including what time the meeting is postponed or from what time the meeting will resume and the date to which the meeting is postponed or on which the meeting will resume if the obstruction continues, actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out under Paragraph 1, Paragraph 2, Paragraph 4 and Paragraph 5, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public</p>

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		Companies, and appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting to be specified for convening a virtual shareholders' meeting.
<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously</u></p>	<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>Paragraph 2 is added in reference to Article 44-23 of the “Regulations Governing the Administration of Shareholder Services of Public Companies” and Paragraph 3, Article 8 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.</p>

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<p><u>audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>		
<p>Article 9 (Calculate the number of shares in attendance and call the meeting to order)</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one</p>	<p>Article 9 (Calculate the number of shares in attendance and call the meeting to order) Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and</p>	<p>1. Paragraph 1 is amended to expressly state that the calculation of the number of shares in attendance shall also include the shares checked in on the virtual meeting platform.</p> <p>2. Where the chair declares the meeting adjourned in the case of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual</p>

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<p>hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>meeting platform to notify all shareholders in a timely manner.</p> <p>Paragraph 3 is amended accordingly.</p> <p>3. Paragraph 4 is amended to expressly state that when the Company convenes another shareholders' meeting per a tentative resolution, shareholders intending to attend the meeting via the virtual meeting platform shall re-register with the Company.</p>
<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account</p>	<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account</p>	<p>Paragraph 7 is added to expressly define how shareholders attending the</p>

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<p>number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>(Paragraphs 2~5 omitted)</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned.</u></p> <p><u>No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p>	<p>number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>(Paragraphs 2~5 omitted)</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>virtual shareholders' meeting should raise questions and the procedure and restrictions thereof, in reference to Article 11 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>
<p>Article 13(Voting on proposals, vote monitoring and counting)</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>(Paragraphs 2~3 omitted)</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding</p>	<p>Article 13(Voting on proposals, voting monitoring and counting)</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>(Paragraphs 2~3 omitted)</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding</p>	<p>1.Paragraph 4 is amended to expressly state that when a shareholder has decided to exercise voting rights by correspondence or electronic means but intends to attend the shareholders' meeting via the virtual meeting platform later, he shall revoke the original declaration of intention by the same means by which the voting rights were exercised, in reference to Article 13 of the "Sample Template for</p>

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<p>paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Paragraphs 5~8 omitted)</p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to</u></p>	<p>paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Paragraphs 5~8 omitted)</p>	<p>XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.</p> <p>2.Paragraph 10 is added to expressly state that when the Company convenes a virtual shareholders’ meeting, in order to enable the shareholders attending the virtual shareholders’ meeting to have sufficient time to exercise their votes, once the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends; votes shall be counted at once in response when the shareholders attending the virtual shareholders’ meeting to exercise their votes, in reference to Article 13 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.</p> <p>3.In response to the diversity policy about shareholders’ attendance at or</p>

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<p><u>attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		<p>participation in a shareholders' meeting, the relevant operating procedures are set forth for any shareholders who already registered their attendance at a hybrid shareholders' meeting via the virtual meeting platform but wish to attend the shareholders' meeting physically later, or who already decide to exercise voting rights by correspondence or electronic means or already submit the proxy form to the Company but wish to attend the shareholders' meeting via the virtual meeting platform later.</p> <p>Accordingly, the relevant provisions are added in reference to Article 13 and Article 16 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</p>
<p>Article 15 (Meeting Record)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the</p>	<p>Article 15 (Meeting Record)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of</p>	<p>Paragraphs 3 and Paragraph 4 are added to enable shareholders to understand the resolutions made by the meeting, alternative</p>

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<p>meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than</u></p>	<p>the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.</p>	<p>measures applicable to shareholders with the digital divide, and how disconnection, if any, shall be dealt with, in reference to Article 15 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.</p>

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<p><u>compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>		
<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a</p>	<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>Paragraphs 1~3 are amended to expressly state that before the meeting is called to order, the information about the number of shares represented by shareholders attending the meeting in any other manner and the total number of shares represented and the number of votes cast at the meeting shall be disclosed on the virtual meeting platform, in order to enable shareholders attending the shareholders' meeting via the virtual meeting platform to access such information, in reference to Article 16 of the</p>

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shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.		“Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.
<u>Article 19 (Disclosure of information at virtual meetings)</u> <u>In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u>		1. <u>The provision is added.</u> 2. The provision is added to enable shareholders to attend a virtual shareholders’ meeting to know about real-time votes on each proposal and election results, in reference to Article 19 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.
<u>Article 21 (Handling of disconnection)</u> <u>In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders</u>		1. <u>The provision is added.</u> 2. In reference to Article 20

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<p><u>prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the</u></p>		<p>of the</p> <p>“Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE,” the provision is added to define the Company's specific responsive mechanism dedicated to deciding what time the meeting is postponed or from what time the meeting will resume, the principles about the determination of the postponement or resumption, and related operating procedures, so that the Company may apply the mechanism to</p>

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<p><u>affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these</u></p>		<p>deal with the disconnection , if any.</p>

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<p><u>shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		
<p><u>Article 22(Handling of digital divide)</u></p> <p><u>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>		<p><u>1. The provision is added.</u></p> <p>2. Alternative measures applicable to shareholders with a digital divide shall be in place, considering these shareholders may</p>

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		have difficulty attending a virtual shareholders' meeting convened by the Company.
<u>Article 23</u> These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.	<u>Article 19</u> These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.	Adjust the Article Nos. in response to the addition of these provisions.
<u>Article 24</u> These Rules were drawn up on March 8, 2002. First amended on June 15, 2012. Second amended on June 12, 2015. Third amended on June 12, 2020. Fourth amended on July 23, 2021 and <u>June 17, 2022</u>	<u>Article 20</u> These Rules were drawn up on March 8, 2002. First amended on June 15, 2012. Second amended on June 12, 2015. Third amended on June 12, 2020. Fourth amended on July 23, 2021.	Adjust the Article Nos. in response to the addition of these provisions, and add the date of the 5th amendment.

Agenda 3 : Discussion on the amendments to the Company's Procedures for the Acquisition or Disposal of Assets

Proposed by the Board of Directors

Explanation :

- (1) In order to correspond to the amendment made to the Regulations Governing the Acquisition and Disposal of Asset by Public Companies by the Financial Supervisory Commission, R.O.C. on January 28, 2022, we propose to amend the corresponding articles to the Company's Procedures for the Acquisition or Disposal of Assets.
- (2) The contents of the amendment in comparison with the contents before amendment are provided in Page 59-68 of this Handbook.

RESOLVED :

Cathay Financial Holdings Corporation

Procedures for the Acquisition or Disposal of Assets, the Parts Amended, Contents Before & After Amendment in Comparison

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 4</p> <p>Professional appraisers and their officers, accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p style="padding-left: 40px;">A. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of this Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p style="padding-left: 40px;">B. May not be a related party or de facto related party of any party to the transaction.</p> <p style="padding-left: 40px;">C. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p style="padding-left: 40px;">When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline standards of their affiliated associations</u> and also the following:</p> <p style="padding-left: 40px;">A. Prior to accepting a case, they shall</p>	<p>Article 4</p> <p>Professional appraisers and their officers, accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p style="padding-left: 40px;">A. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of this Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p style="padding-left: 40px;">B. May not be a related party or de facto related party of any party to the transaction.</p> <p style="padding-left: 40px;">C. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p style="padding-left: 40px;">When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p style="padding-left: 40px;">A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p>	<p>Text corrections made in response to the Financial Supervisory Commission Letter under Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022. In order to expressly define the procedures and liability to be followed by external experts, the Procedure expressly states that when issuing an appraisal report or opinion, the external experts shall comply with the relevant operating rules applicable when they are undertaking and executing cases, as well as the self-discipline standards of their affiliated associations. Further, considering that issuance of the</p>

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<p>prudently assess their own professional capabilities, practical experience, and independence.</p> <p>B. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>C. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>appropriate</u>, and that they have complied with applicable laws and regulations.</p>	<p>B. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>C. They shall undertake an item-by-item evaluation of the <u>comprehensiveness</u>, <u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>appraisal report or opinion is not identified as the audit on a financial report, the word “examining” is amended to “executing,” and certain text corrections are also made in line with the actual evaluation status.</p>
<p>Article 7</p> <p>In acquiring or disposing of real estate, equipment, or its lease assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in the development of its own land, engaging in the development of leased land, or acquiring or disposing of equipment or its lease assets held for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price,</p>	<p>Article 7</p> <p>In acquiring or disposing of real estate, equipment, or its lease assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in the development of its own land, engaging in the development of leased land, or acquiring or disposing of equipment or its lease assets held for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price,</p>	<p>Text corrections made in response to the Financial Supervisory Commission Letter under Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p> <p>Considering that the self-discipline standards of the affiliated associations have covered the</p>

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<p>specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval to the Board of Directors in advance; the same shall apply whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained provided that the different professional appraisers or appraisal officers may not be related parties of each other.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion must</p>	<p>specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval to the Board of Directors in advance; the same shall apply whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained provided that the different professional appraisers or appraisal officers may not be related parties of each other.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, an accountant shall be engaged to perform the appraisal in accordance with the provisions of <u>Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) of the Republic of China</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion</p>	<p>procedures to be executed by the external auditor when he/she is issuing the written opinion, the text related to the Statement of Auditing Standards to be followed by the external auditor is deleted accordingly.</p>

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still be issued by the original professional appraiser.	must still be issued by the original professional appraiser.	
<p>Article 8</p> <p>In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage an accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p>	<p>Article 8</p> <p>In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage an accountant to provide an opinion regarding the reasonableness of the transaction price. <u>If the accountant requires the evidence of an expert report, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</u> This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p>	<p>The reasons for amendments are as same as those for Article 7.</p>
<p>Article 9</p> <p>Where the Company acquires or disposes of intangible assets or its right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage an accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 9</p> <p>Where the Company acquires or disposes of intangible assets or its right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage an accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the accountant shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>The reasons of amendments are as same as those for Article 7.</p>

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<p>Article 13</p> <p>When the Company intends to acquire or dispose of real estate or its lease assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its lease assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except when trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic securities investment trust enterprises issued-money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of the real estate.</p> <p>B. The reason for choosing the related party as a transaction counterparty.</p> <p>C. With respect to the acquisition of real estate or its lease assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.</p> <p>D. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties.</p> <p>E. A monthly cash projection report for the next year starting from the contract month, and comments on the necessity of</p>	<p>Article 13</p> <p>When the Company intends to acquire or dispose of real estate or its lease assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its lease assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except when trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic securities investment trust enterprises issued-money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of the real estate.</p> <p>B. The reason for choosing the related party as a transaction counterparty.</p> <p>C. With respect to the acquisition of real estate or its lease assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.</p> <p>D. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties.</p> <p>E. A monthly cash projection report for the next year starting from the contract month, and comments on the necessity of the transaction and the reasonableness of</p>	<p>In order to strengthen the corporate governance mechanism, the Company plans to add the provision requiring that where the transaction amount of acquisition or disposal of assets from a related party conducted by the Company or its subsidiary amounts to more than 10% of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the related matters have been approved by the shareholders' meeting (unless in the case of the transactions conducted between the Company and its parent company or subsidiary, or between its subsidiaries).</p>

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<p>the transaction and the reasonableness of how the capital is to be used.</p> <p>F. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with the preceding article.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>When transactions pursuant to Paragraph 1 are to be conducted by the Company or its subsidiary, which is not a domestic public company, and the transaction amount reaches more than 10% of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters prescribed in Paragraph 1 have been approved by the shareholders' meeting; However, this requirement does not apply to transactions between the Company and its parent or subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in <u>Paragraph 1 and the preceding paragraph</u> shall be done in accordance with Paragraph 2, Article 33, and "within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to a <u>shareholders' meeting</u>, and approved by the Board of Directors and supervisors pursuant to the Procedure need not be counted toward the transaction amount.</p> <p>The Company has established an audit committee in accordance with the Securities and Exchange Act. Matters in Paragraph 1 that require the supervisors' recognition shall be subject to the consent of one-half or more of the entire membership of the Audit Committee, and</p>	<p>how the capital is to be used.</p> <p>F. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with the preceding article.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Paragraph 2, Article 33 herein. In the meantime, "within one year" as used herein refers to the year preceding to the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which approval from the board of directors and recognition from the supervisors has been obtained according to the Rules.</p> <p>The Company has established independent directors in accordance with the Securities and Exchange Act. When proposed for discussion by the Board of Directors, independent directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by independent directors must be detailed in board meeting minutes.</p> <p>The Company has established an audit committee in accordance with the Securities and Exchange Act. Matters in Paragraph 1 that require the supervisors' recognition shall be subject to the consent of one-half or more of the entire membership of the Audit Committee, and shall also be submitted to the Board of Directors for resolution.</p> <p>If the preceding paragraph is not approved by more than one-half of the Audit Committee members, then it must be approved by more than two-thirds of the entire Board of Directors. The decision shall</p>	

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<p>shall also be submitted to the Board of Directors for resolution.</p> <p>If the preceding paragraph is not approved by more than one-half of the Audit Committee members, then it must be approved by more than two-thirds of the entire Board of Directors. The decision shall be recorded in meeting minutes.</p> <p>The entire members of the Audit Committee or the Board of Directors referred to in Paragraph <u>5</u> shall be calculated based on the number of actual serving Directors.</p>	<p>be recorded in meeting minutes.</p> <p>The entire members of the Audit Committee or the Board of Directors referred to in Paragraph <u>4</u> shall be calculated based on the number of actual serving Directors.</p>	
<p>Article 33</p> <p>Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format based on the nature of the transaction:</p> <p>A. Acquisition or disposal of real estate or its lease assets from or to a related party, or acquisition or disposal of assets other than real estate or its lease assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, split, acquisition, or assignment of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Rules adopted by the Company.</p>	<p>Article 33</p> <p>Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format based on the nature of the transaction:</p> <p>A. Acquisition or disposal of real estate or its lease assets from or to a related party, or acquisition or disposal of assets other than real estate or its lease assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, split, acquisition, or assignment of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Rules adopted by the Company.</p>	<p>In response to the Financial Supervisory Commission Letter under Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022. Certain additional transactions are planned to be exempted from the information disclosure requirements, including trading of foreign government bonds issued by a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC., and subscription for foreign</p>

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<p>D. Where equipment or its lease assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>E. Where real estate is acquired under an arrangement engaging in the development of self-owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction falls below NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds, or <u>foreign government bonds issued by a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC.</u> 2. Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for <u>foreign government bonds</u>, or ordinary corporate bonds and general bank 	<p>D. Where equipment or its lease assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>E. Where real estate is acquired under an arrangement engaging in the development of self-owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction falls below NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Securities trading on securities exchanges or OTC markets, or subscription of common corporate bonds or general financial bonds without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds performed by 	<p>government bonds that are offered and issued in the primary market, or subscription for or reverse sale of ETNs.</p>

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<p>debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for or redemption of securities investment trust funds <u>or futures trust funds, or subscription for or reverse sale of ETNs.</u></p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year.</p> <p>C. The cumulative transaction amount of real estate or its lease assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year.</p> <p>D. The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year. “Within one year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to these Rules may be excluded.</p> <p>The Company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory</p>	<p>professional institutes.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year.</p> <p>C. The cumulative transaction amount of real estate or its lease assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year.</p> <p>D. The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year. “Within one year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to these Rules may be excluded.</p> <p>The Company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission before the 10th of each month. When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again</p>	

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<p>Commission before the 10th of each month.</p> <p>When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>When acquiring or disposing of assets, the Company shall retain for itself a file of the relevant contracts, meeting minutes, logbooks, appraisal reports, opinions from the accountants, attorneys and securities underwriters for at least five years, unless otherwise provided by law.</p>	<p>publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>When acquiring or disposing of assets, the Company shall retain for itself a file of the relevant contracts, meeting minutes, logbooks, appraisal reports, opinions from the accountants, attorneys and securities underwriters for at least five years, unless otherwise provided by law.</p>	

Agenda 4 : Discussion on the Corporation's proposal to raise long-term capital

Proposed by the Board of Directors

Explanation :

- (1) In response to the future capital needs for the Company's long-term strategic development and business growth (including but not limited to increasing working capital, raising capital adequacy ratio, repaying loans or one or more purposes for the development of long-term strategies) as well as the large variety of capital-raising avenues with global characteristics, we ask that the shareholders' meeting authorize the Board of Directors to raise the Company's long-term capital by Domestic cash capital increase for issuance of common shares or preferred shares; cash capital increase for issuance of common shares in participation of Global Depositary Receipts (choose one or more than two for combination), at an appropriate time in accordance with the Company's Articles of Incorporation and relevant laws and regulations (hereinafter collectively referred to as the "cash capital increase proposal").
- (2) The number of common shares and preferred shares issued by cash capital increase (including common shares from GDR) will be limited to a maximum of 1.5 billion shares.
- (3) We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.
- (4) Please discuss the related details of the long-term fund raising proposal as below. We hereby propose for discussion.

RESOLVED :

Description of the long-term fund raising proposal

- I. Issuance of common shares and preferred shares via domestic cash capital increase
 - A. In this cash capital increase proposal, we plan to issue common shares and preferred shares either through book building or public subscription.
 - B. Via book building
 1. If book building is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining shares shall be offered publicly via book building with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the new issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price.
 2. According to provision of law, the issue price of common shares shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws should be coordinate the pricing adjustments.). The Board of Directors and/or Chairman of the Board shall determine the actual issue price based on the pricing principles set out in the paragraphs above, the status of the book building in consultation with the underwriter, as well as on the conditions of the market where the securities are issued and regulatory requirements.
 3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration book building consolidation, the situation of the issuance market, and the relevant laws and regulations.
 4. Since the preferred shares issued this time may not be transformed into ordinary shares, if it is conducted by issuing preferred shares, there will be no effect of diluting the equity of shareholders. If it is conducted by issuing ordinary shares, it will account for 10.2% of current outstanding shares of the Company calculated with the ordinary issuance limit of 1.5 billion shares. Although the equity of shareholders will be partially diluted, it is expected to enhance the competitiveness and improve the operational efficiency of the Company. This is because the estimated fund will meet one or more purpose of enhancing the financial structure of the Company, increasing capital adequacy ratio of the Company, repaying loans, and coping with the long-term development strategy. It will not cause significant impacts on the ordinary equity of shareholders.

C. Via public offering

1. If public offering and distribution is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act) and also allocating 10% for subscription by the general public in accordance with Article 28-1 of the Securities and Exchange Act, the remaining shares shall be available for subscription by existing shareholders based on their respective percentages of shareholding in the Company on the subscription reference date. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees or existing shareholders for subscription in the full quantity by designated individuals at the issue price.
2. According to provision of law, the issue price of common shares shall be no less than 70% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws, should be coordinate the pricing adjustments.). The Board of Directors is authorized to assign the ex-dividend date as the valuation reference date.
3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration the situation of the issuance market and the relevant laws and regulations.

D. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

E. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

F. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.

- II. Cash capital increase by issuing common shares and participation in the issuance of GDR
- A. If participation in the issuance of GDR is adopted for the cash capital increase and issuance of common shares, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining of the newly issued shares shall be allocated for participation in the issuance of GDR with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price, or reallocated it to the original securities that are participating in the issuance of GDR.
 - B. Pursuant to relevant domestic laws and regulations, the issue price for the common shares that are participating in the issuance of GDR for cash capital increase shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. However, in the event of changes in domestic regulations, corresponding changes to the above formula shall also be made.
 - C. The Chairman or a designated person by the Chairman shall be authorized by the Board of Directors to determine the actual issue price based on actual market conditions, domestic laws and regulations and common practices in the market where the securities are issued, as well as in consultation with the underwriter.
 - D. The above pricing methods are compliant with relevant domestic laws, regulations and common practices in the market where the securities are issued, and the basis on which pricing is determined should be reasonable.
 - E. The issue price for the common shares that are participating in the issuance of GDR for cash capital increase is determined based on the market price of the Company's common shares traded in domestic stock exchange market. It remains that the original shareholders may purchase the Company's common shares in domestic stock exchange market at a price close to the GDR issuance price. Since the original shareholders don't bear any exchange rate or liquidity risk, this arrangement is not expected to have any negative impact on the interests of the original shareholders. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.
 - F. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not

limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

- G. In conjunction with the issuance of common shares for capital increase in cash and participation in GDR issuance, we request that the Board of Directors authorize the Chairman or a designated people by the Chairman to represent the Company in signing all documents related to the participation in the issuance of GDR as well as in handling all required matters related to the participation in the issuance of GDR.
- H. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.

Agenda 5 : Election of the Corporation's directors for the 8th term

Proposed by the Board of Directors

Explanation :

- (1) The tenure of the Company's 7th Board of Directors term would terminate on June 13, 2022 originally. In order to correspond to the provisions set forth in the Company Act and align the schedule of the 2022 Regular Shareholders' Meeting, the tenure of the Company's 7th term directors will be extended to June 17, 2022, and the original directors will retire upon newly elected directors assuming the positions.
- (2) In accordance with the Company's Articles of Incorporation, there are 9 to 21 seats in the Board, where at least 3 members are independent directors and shall account for at least one fifth of the total number of directors; the Company's directors shall be elected by means of the candidate nomination system.
- (3) In order to strengthen corporate governance and respond to practical needs, it is proposed to elect 13 directors (including 5 independent directors) for the 8th Board of Directors at this year's regular shareholders' meeting.
- (4) We would like to call for the 8th election of Board of Directors. The list of candidates has been reviewed by current Board of Directors and documented. For candidate's information, please refer to pages 75-78. We hereby propose for election.

ELECTION RESULTS :

Candidates of the Directors and the Independent Directors Profile
for the 8th term

Title	Name	Education / Experience
Director	Chia Yi Capital Co., Ltd. Representative: Cheng-Ta Tsai	B.A., Chinese Culture University Director, Cathay Financial Holding Co., Ltd. ∙ Cathay Medical Care Corporate ; Former Director, Cathay Real Estate Foundation ; Former Executive Director, Cathay Life Insurance Co., Ltd. ∙ Charity Foundation of the CL, etc.
		Number of shares held : 55,087,569 (common stock) ; 5,153,614 (preferred stock)
Director	Hong-Tu Tsai	J.D., Southern Methodist University, USA Chairman, Cathay Financial Holding Co., Ltd. ∙ Cathay Medical Care Corporate ; Former Chairman, Cathay Life Insurance Co., Ltd. ; Former Vice Chairman, Charity Foundation of the CL, etc.
		Number of shares held : 45,424,978 (common stock) ; 6,128,386(preferred stock)
Director	Chen-Sheng Industrial Co., Ltd. Representative: Cheng-Chiu Tsai	M.A., Keio University, Japan Chairman, Cathay Century Insurance Co., Ltd. ; Director, Cathay Financial Holding Co., Ltd. ∙ Cathay Medical Care Corporate ; Former Director, Cathay Real Estate Foundation ; Former Executive Director, Charity Foundation of the CL, etc.
		Number of shares held : 33,875,134 (common stock) ; 0(preferred stock)
Director	Chia Yi Capital Co., Ltd. Representative: Chi-Wei Joong	B.A., Kean College of New Jersey, USA Chairman, CEO, Legal Representative, Moderntimes Co., Ltd. ; Legal Representative, Moderntimes (China) Co., Ltd. ; Director, Cathay Financial Holding Co., Ltd. ∙ Cathay United Bank Co., Ltd. ∙ Essence Management Services Limited ∙ Moderntimes Information Co., Ltd. ; Former President, CMB Credit Card Center, etc.
		Number of shares held : 55,087,569 (common stock) ; 5,153,614 (preferred stock)
Director	Cathay United Bank Foundation Representative: Andrew Ming-Jian Kuo	M.B.A., Baruch College, City University of New York, USA Chairman, Cathay United Bank Co., Ltd. ; Former Chairman, Cathay United Bank (China), Ltd. ; Former Senior Advisor for Greater China, The Blackstone Group (HK) Limited ; Former Country Head of JPMorgan Taiwan and Hong Kong ; Independent Director, Zhongshan Huali Industrial Group Co., Ltd. ∙ Samson Holding Ltd. ; Director, Cathay Financial Holding Co., Ltd. ∙ Cathay Securities Investment Trust ∙ Cathay Private Equity Co., Ltd. ∙ Long Chen Paper Co., Ltd. ∙ Far East Horizon Limited ∙ Cathay Medical Care Corporate, etc.

Title	Name	Education / Experience
		Number of shares held : 6,500,740(common stock) ; 100,000 (preferred stock)
Director	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Tiao-Kuei Huang	M.S., National Tsing Hua University Director, Cathay Financial Holding Co., Ltd. ; Chairman, Cathay Life Insurance Co., Ltd. 、Charity Foundation of the CL, etc. 、The Life Insurance Association of the Republic of China ; Former Vice Chairman and President, Cathay Life Insurance Co., Ltd. ; Former Vice Chairman, Taiwan Financial Services Roundtable ; Former Managing Supervisor, Cathay Medical Care Corporate, etc.
		Number of shares held : 34,590,372(common stock) ; 0 (preferred stock)
Director	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Ming-Ho Hsiung	M.S., University of Iowa, USA Director, Cathay Financial Holding Co., Ltd. ; Vice Chairman, Cathay Life Insurance Co., Ltd. ; Director, Cathay United Bank Foundation 、Cathay Medical Care Corporate ; Former President, Cathay Life Insurance Co., Ltd., etc.
		Number of shares held : 34,590,372(common stock) ; 0 (preferred stock)
Director	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Chang-Ken Lee	M.B.A., University of Pennsylvania, USA Director and President, Cathay Financial Holding Co., Ltd. ; Chairman, Financial Planning Association of Taiwan ; Vice Chairman, Charity Foundation of the CL ; Executive Director, CDIB & Partners Investment Holding Corp.; Director, Cathay United Bank Co., Ltd. 、Cathay Securities Corp. 、Cathay Securities Investment Trust 、Joint Credit Information Center 、Bankers Association of Taipei; Managing Director, Bankers Association of the Republic of China ; Managing Supervisor, Cathay Medical Care Corporate ; Former President, Cathay United Bank Co., Ltd., etc.
		Number of shares held : 34,590,372(common stock) ; 0 (preferred stock)
Independent Director	Feng-Chiang Miao	Honorary Ph.D., National Chiao Tung University M.B.A., Santa Clara University, USA Electrical Engineering BA, UC Berkeley, USA Chairman, MiTAC Holdings Corporation 、MiTAC Inc. 、Synnex Technology International Corp. 、Lien Hwa Industrial Holdings Corp. 、Union Petrochemical Corp. 、Harbinger Venture Capital Corp. 、Chinese National Federation of Industries ; Independent Director, Cathay Financial Holding Co., Ltd. 、Cathay United Bank Co., Ltd. 、Cathay Century Insurance Co., Ltd. ; Director, Getac Holdings Corp. 、MiTAC Information Technology Corp. 、TD Synnex Corporation ; Former, ITRI Laureate 、President of UPC Technology Corporation 、President of Linde Lienhwa Industrial

Title	Name	Education / Experience
		<p>Gases Co., Ltd. 、Chairman of Synnex Corporation 、Independent Director of Galileo International Shipping Co., Ltd. 、Independent Director of British Oxygen Company 、Independent Director of Linde Group 、Representative of APEC Business Advisory Council (ABAC) 、Convener of Civil Advisory Committee of National Information and Communications Initiative Committee (NICI), etc.</p> <p>Number of shares held : 0(common stock) ; 0 (preferred stock)</p>
Independent Director	Edward Yung Do Way	<p>MBA of University of Georgia, USA Former CEO, Deloitte Taiwan ; CPA : Georgia, USA 、R.O.C. ; Chairman & CEO, YCSY Co., Ltd. ; Independent Director, Cathay Financial Holding Co., Ltd. 、Cathay United Bank Co., Ltd. 、Cathay Securities Corp. 、Far Eastern Department Store, Ltd. 、Taita Chemical Co., Ltd. ; Independent Non-executive Director, Da Chan Food (Asia) Limited ; Director, Iron Force Industrial Co., Ltd. 、Vanguard International Semiconductor Corp. 、MiTAC Holdings Corp., etc.</p> <p>Number of shares held : 0(common stock) ; 0 (preferred stock)</p>
Independent Director	Li-Ling Wang	<p>Ph.D. of Temple University (Dept. of Risk Management, Insurance, and Acturial Science), USA ; Master of Hartford University(Dept. of Accounting), USA Chairman, Pension Funds Association in Taiwan ; Professor, National Chengchi University Department of Risk Management and Insurance ; Independent Director, Cathay Financial Holding Co., Ltd. 、Cathay Life Insurance Co., Ltd. ; Executive Director, Risk and Insurance Association (TRIA) ; Former, Vice President, National Chengchi University 、Chairman, Financial Supervisory Commission Republic of China (Taiwan), etc.</p> <p>Number of shares held : 0(common stock) ; 0 (preferred stock)</p>
Independent Director	Tang-Chieh Wu	<p>Master of National Chengchi University (Dept. of Public Finance) Secretary-General, Taiwan Financial Services Roundtable ; Independent Director, Cathay Financial Holding Co., Ltd. 、Cathay Life Insurance Co., Ltd. 、Cathay United Bank Co., Ltd. 、Cathay Century Insurance Co., Ltd. ; Former, Chairman, Hua Nan Financial Holdings Co., Ltd. 、Hua Nan Bank 、Land Bank of Taiwan 、Political Deputy Minister, Ministry of Finance 、Vice Chairman, Financial Supervisory Commission Republic of China (Taiwan) 、Director-General, Securities and Futures Bureau, Financial Supervisory Commission Republic of China (Taiwan) ; Advisor, Accounting Research and Development Foundation ; Director, Foundation of Pacific Basin Financial Research and Development 、Scholarship of Mr. Guo-Fu Chen Foundation ;</p>

Title	Name	Education / Experience
		Executive Supervisor, National Taipei University Alumni Association ; Chairman, Alumni Association of Department of Public Finance, National Taipei University ; Supervisor, Taiwan-Russia Association, etc.
		Number of shares held : 0(common stock) ; 0 (preferred stock)
Independent Director	Pei-Pei Yu	The University of British Columbia - Master of Business Administration (MBA) National Chengchi University - Bachelor of Money and Banking Chairman, Vigor Kobo Co., Ltd. ; Independent Director, Wistron Corporation ; Director, Hong Ting Investment Management Limited ; Former, Chairman, Zoyi Venture Capital Co., Ltd 、 Managing Director, Goldman Sachs (Asia) L.L.C.(Hong Kong) 、 President, Goldman Sachs (Asia) L.L.C. Taipei Branch 、 Assistant Vice President, Union Bank of Switzerland Taipei Branch 、 Manager, Citibank Taiwan, Ltd. Taipei Branch, etc.
		Number of shares held : 0(common stock) ; 0 (preferred stock)

Agenda 6 : Discussion on the relief of certain directors from their non-competition obligations

Proposed by the Board of Directors

Explanation:

- (1) According to Article 209 of the Company Act, a director acting on behalf of himself (herself) or another in matters within the business scope of the Company shall obtain approval at the shareholders meeting.
- (2) In the case of a board director participating in other businesses identical or similar to activities within the Company's business scope, Article 209 of the Corporation Act shall be observed, and approval for participation in other businesses will be obtained at the shareholders meeting to remove the board director's Non-competition Restriction (details are provided in table below). Any income received prior to the removal shall not be considered the income of the Company.

Director	Company	Concurrent Post
Chi-Wei Joong	Moderntimes (China) Co., Ltd.	Legal Representative
Andrew Ming-Jian Kuo	Far East Horizon Limited	Director
Chang-Ken Lee	CDIB & Partners Investment Holding Corp.	Executive Director
Feng-Chiang Miao	MiTAC Holdings Corporation Lien Hwa Industrial Holdings Corporation Harbinger Venture Capital Corp. Harbinger Venture Management Company, Ltd. Union Venture Capital Corp. Mei-Feng Investments Corporation Getac Holdings Corporation Harbinger III Venture Capital Corp. TD Synnex Corporation Synnex Global Ltd.	Chairman Chairman Chairman Chairman Chairman Chairman Director Director Director Director
Edward Yung Do Way	YCSY Co., Ltd. MiTAC Holdings Corporation	Chairman Director

Director	Company	Concurrent Post
Pei-Pei Yu	Hong Ting Investment Management Limited Zoyi Management Limited Yifox Management Limited Rosy Range Investments Limited Zoyi Capital, Ltd.	Director Director Director Director Director

RESOLVED :

【Appendix I】

Articles of Incorporation of Cathay Financial Holding Co., Ltd.

Chapter 1 General provisions

- Article 1 The Company has been incorporated to maximize synergies between different operations and boost its competitiveness pursuant to the Financial Holding Company Act and the Company Act.
- Article 2 The Company is named “國泰金融控股股份有限公司”. “Cathay Financial Holdings Co., Ltd.” in English.
- Article 3 The Company is headquartered in Taipei City. Domestic and overseas branch offices may be established upon approval from the competent authorities.
- Article 4 Announcements of the Company shall be governed by Article 28 of the Company Act.

Chapter 2 Business

- Article 5 The Company is engaged in the business of H801011 Financial Holding Company.
- Article 6 The Company's scope of business is as follows:
- A. The Company may invest in the following businesses:
 - 1. Banking.
 - 2. Bills finance.
 - 3. Credit card.
 - 4. Trust.
 - 5. Insurance.
 - 6. Securities.
 - 7. Futures.
 - 8. Venture capital.
 - 9. Foreign banking institutions in which enterprises are permitted by the competent authorities to invest.
 - 10. Other businesses deemed by the competent authorities to be related to the financial business.
 - B. Management of the above invested businesses.
 - C. The Company may apply to the competent authorities to invest in the businesses other than those stated in A. above, but it may not participate in the management of the said businesses.
 - D. Other related businesses approved by the competent authorities.

Chapter 3 Shares

Article 7 The total authorized capital of the Company shall be NT\$180 billion, divided into 18 billion shares, with a par value of NT\$10 each. Subject to practical need, the Board of Directors is authorized to issue such shares by installment, and part of the shares may be preferred shares.

Article 7-1 When the Company issues new shares in accordance with the law and reserves said shares to be acquired by employees, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria.

Counterparties to whom the Company issues restricted stock for employees in accordance to the law, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria.

Article 7-2 The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:

1. The Company shall pay all taxes, as required by the law and applicable regulations, from the current year's earnings and make a regulatory required deduction for prior years' losses and contributions to legal and special reserves when there are positive earnings. Residual earnings, if any, may be distributed first to the dividends that preferred shares may be distributed in the current year.
2. The dividend for preferred shares is limited to an annual rate of 8%, calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. After the financial statements are approved by the general shareholders' meeting, the board will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated by the actual issuance days of the current year.
3. The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares if there are no earnings in the annual accounts or the earnings are insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio to be lower than the minimum requirement by laws or competent authority or other necessary consideration. The shareholders of preferred shares may not object to the decision. If the preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the years with earnings in the future.
4. The dividends prescribed in Subparagraph 2 of this Paragraph, shareholders of preferred shares may not be a part of the cash and equity capital of earnings and additional paid-in capital of ordinary shares.
5. The distribution priority for shareholders of preferred shares on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred shares issued by the Company, and the preferential order is only lower than general creditors. Yet the distribution shall not exceed the issuance amount.
6. Shareholders of preferred shares do not have the right to vote or suffrage. However, they will have to right to vote in shareholders' meetings of preferred shares or shareholders' meetings that involve the rights and obligations of shareholders of preferred shares.
7. Preferred shares may not be converted to ordinary shares, and shareholders of preferred shares do not have the right to request the Company to redeem preferred shares possessed by shareholders.
8. Preferred shares have no maturity, but the Company may redeem all or partial preferred shares anytime on the next day after seven years of issuance with the original issuance price. Unredeemed preferred shares shall continue to enjoy rights

and obligations of issuance terms prescribed in this Article. In the year of redeeming preferred shares, the dividends that shall be distributed until the redeem date shall be distributed in accordance with the actual issuance days of that year if the shareholders' meeting of the Company decide to distribute dividends.

9. The dividend distribution priority for preferred shares shall be subject to the offering priority for the preferred shares.

The board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors to subscribe in accordance with Articles of Incorporation and related laws and regulations.

- Article 8 The Company's share certificates shall all be in non-bear form and shall be issued only after they have been signed and sealed by at the directors representing the Company, and affixed with the Company's seal, and duly certified by the competent authorities or its authorized registration institution.

The Company can be exempted from printing any share certificate for newly issued shares. The same option may apply to the issue of other securities.

- Article 9 Shareholders shall provide their names, addresses, and seal specimens to the Company. The same shall apply to their change. When collecting dividends or exercising other rights, shareholders shall present the same seals as those the Company has on record.

- Article 10 The shareholders' roster shall not be altered within 60 days prior to the convening date of regular shareholders' meeting, within 30 days prior to the convening date of special shareholders' meeting, or within 5 days before the date the Company decides to distribute dividends, bonuses, or other benefits.

- Article 11 Share affairs shall be handled pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter 4 Shareholders' meetings

- Article 12 Shareholders' meeting shall be divided into regular shareholders' meetings and special shareholders' meetings, and shall, unless otherwise provided for in the law, be convened by the Board of Directors. The regular shareholders' meeting shall be convened within 6 months after the close of each fiscal year, whereas a special shareholders' meeting is held in accordance with the law whenever necessary.

The shareholders' meeting of preferred shares may be convened in accordance with laws and regulations when necessary.

- Article 13 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the law, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

- Article 14 A shareholder may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the amount of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 15 Institutional juristic shareholder's proxies shall not be limited to one person,, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds.

If the aforesaid proxies are two persons or more, they shall exercise their voting rights jointly.

Chapter 5 Directors and the Board

Article 16 The Board of Directors of the Company shall consist of 9 to 21 Directors, at least 3 of which, and not less than one fifth of the total number of seats, are competent Independent Directors and individuals elected by the Shareholders' meeting according to law.

Starting from the 6th Board, Directors have been elected from among a group of candidates nominated at shareholders' meetings. The nomination and election methods shall be governed by the Company Act and the Securities and Exchange Act-related laws and regulations. The qualifications, limitations on the retention of shares and concurrently holding other offices, and independence of Independent Directors shall be governed by the relevant laws and regulations.

The Board shall have an Audit Committee composing of the entire number of Independent Directors and not be fewer than three persons in number. One Committee member shall be the convener, and at least one member shall specialize in accounting or finance. The responsibilities and the relevant affairs of the Committee shall be governed by the relevant laws and regulations or the Company's rules.

The Board of Directors of the Company may establish other committees whose sizes as well as terms of service and authorities of the members shall be specified in individual committees' organization bylaws and approved by the Board of Directors.

Article 17 The percentage of all outstanding shares retained by all Directors combined shall be governed by the relevant regulations of the securities competent authorities.

Article 18 All Directors serve a three-year term and may be re-elected. If new Directors are elected after the term of the current Directors expires, the term of the current Directors shall be extended until the new Directors take office.

The re-election of Independent Directors shall be governed by the relevant laws and regulations.

Article 19 The Company may have 3 to 7 Managing Directors, elected from among Directors with at least two thirds of all Directors present and more than half voting in favor. One of the Managing Directors shall be elected the Chairperson and one the Deputy Chairperson if necessary. There shall be at least one Independent Director, and Independent Directors shall account for at least one fifth of all Managing Directors. If there are no Managing Directors, a Chairperson, and one Deputy Chairperson when necessary, may be elected with at least two thirds of all Directors present and more than half voting in favor.

Article 20 The Chairperson shall chair shareholders' meetings, Board meetings, and Managing Directors' meetings, and he/she shall represent the Company externally. When the Chairperson is absent or unable to exercise his/her authority, the Deputy Chairperson shall act on his/her behalf if there is one. If there is not, or the Deputy Chairperson is also absent or unable to exercise his/her authority, the Chairperson shall designate one Managing Director to act on his/her behalf. If there are no Managing Directors, one

Director shall be designated. If no one is designated by the Chairperson, one Managing Director or one Director shall be elected to act on the Chairperson's behalf.

Article 21 Unless otherwise stipulated in the law, Board meetings shall be called by the Chairperson. Unless otherwise stipulated in the law, resolutions shall be passed with more than half of all Directors present and more than half voting in favor. Directors shall personally attend Board meetings. If a Director is unable to attend a Board meeting, he/she may authorize another Director to attend the meeting on his/her behalf by presenting a power of attorney indicating the scope of authorization. Each Director may be authorized to attend a meeting by only one other Director.

Notices of meetings including meeting materials, may be sent in writing and/ or electronically.

If a Board meeting is held via videoconferencing, Directors participating in the meeting via videoconferencing shall be deemed to have attended the meeting in person.

Article 22 The Board is responsible for the following:

- A. Determining and revising the Company's Articles of Organization, operating policies, or business guidelines.
- B. Preparing or reviewing financial statements and determining the allocation of earnings.
- C. Determining or revising the internal control system.
- D. Determining the Company's capital increases/decreases, and making decisions to issue shares or corporate bonds.
- E. Reviewing transactions of major assets or derivatives pursuant to the law or the Company's relevant regulations.
- F. Appointment and removal of financial, accounting, internal auditing officers, or managerial officers.
- G. Appointment, dismissal, or compensation of the certifying CPAs.
- H. Appointing/re-appointing Directors and Supervisors of subsidiaries 100% owned by the Company.
- I. Other responsibilities vested in the Board pursuant to the law or affairs authorized at shareholders' meetings.

Article 23 While the Board is in recess, the Chairperson shall convene Managing Directors at any time to fulfill their obligations. Resolutions shall be passed with more than half of all Managing Directors present and more than half voting in favor.

When the Board of Directors and the Board of Managing Directors (if there are Managing Directors) are in recess, the Board of Directors may authorize the Chairperson or the relevant department to adjust the Company's organization, review its internal regulations, revise its delegation chart, appoint/re-appoint the Directors and Supervisors of subsidiaries, except for affairs that must be handled by the Board of Directors pursuant to the law or the delegation chart.

Article 24 The Board is authorized to determine the remuneration for Directors (including Independent Directors) based on the degree of their involvement in the Company's operation and value of contribution, after taking into account the prevailing rate. They may be compensated for their transportation or paid other allowances.

Article 25 With a resolution passed at a Board meeting, the Company may take out liability insurance for its Directors and key employees against the compensation liabilities incurred while they are in office.

The Board may authorize the Chairperson to renew the above liability insurance when it expires.

Article 26 (Deleted)

Article 27 The Company's Directors may concurrently be the Directors and Supervisors of its subsidiaries subject to restrictions stipulated in the relevant laws and regulations.

Chapter 6 Managers

Article 28 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be governed by the Company Act.

The Company appointed one President, who shall take charge of the Company's business per the policy resolved by the Board of Directors.

Chapter 7 Accounting

Article 29 The Company's fiscal year begins on January 1 and ends on December 31 of every year. At the end of each fiscal year, the Board shall prepare the following documents and submit them at the AGM for recognition in accordance with the legal procedure:

- A. Business report.
- B. Financial statements.
- C. Resolution to distribute earnings or to offset losses.

Article 29-1 If the Company has profits in the fiscal year, it shall distribute 0.01% to 0.05% as remuneration for employees and no more than 0.05% as remuneration for directors. However, when the Company still has accumulated losses, the profit shall be preserved to cover the loss amount.

Article 30 In order to continue the Company's business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.

The Company shall pay all taxes, as required by the law and applicable regulations, from the year's earnings and make a regulatory required deduction for prior years' losses and contributions to legal, reserve, provision or reversal of special reserves and distribution of dividend on preferred shares when there are positive earnings shown on the approved financial statements. Residual earnings (hereinafter referred to the "Current Year Earnings") shall then be added to the starting retained earnings as the distributable base, which is based on the Company's business planning and will be submitted to a shareholders' meeting for approval.

After the allocation of stock distribution, which is made based on the capital needed by the Company's business plan, the residual earnings shall be distributed in cash, provided that the total distributed dividends shall be no less than 30% of the current year earnings, and the distributed cash dividend shall be no less than 10% of the total distribution for that fiscal year.

- Article 30-1 When the Company buys back its own shares in accordance with the law and transfer the shares to employees, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria; if said shares are transferred to employees at a price lower than the average buy back price, it shall be agreed by the most recent shareholders' meeting with shareholders retaining more than half of the outstanding shares present and those representing at least two thirds of the voting rights voting in favor. In addition, the following shall be listed and explained without being presented as provisional motions in the reasons for calling the meeting:
- A. The pricing, the discount percentage, the base of calculation, and the rationality.
 - B. The number of shares transferred, the purpose, and the rationality.
 - C. Qualifications for employees who subscribe for the shares and the number of shares to subscribe.
 - D. The impact on shareholders' equity when transferring:
 - (1) The expenses and the dilution that might impact on the Company's earnings per share.
 - (2) The financial burden placed on the Company the act of transferring shares to employees at a price lower than the average buy back price.

Chapter 8 Ancillary Provisions

Article 31 The Company's Articles of Organization, operating policies, and other relevant regulations shall be separately drafted.

Article 32 Matters not covered in these Articles shall be governed by the Financial Holding Company Act and the Company Act, and other relevant laws and regulations.

Article 33 These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016; June 8, 2018; June 14, 2019 and June 12 2020.

【Appendix II】

Rules of Procedure for Shareholders' Meetings of Cathay Financial Holding Co., Ltd.

- Article 1 (Basis for Adoption)
To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 11 of the Corporate Governance Best-Practice Principles for Financial Holding Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 (Convening shareholders' meetings and shareholders' meeting notices)
Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
The convening of the shareholders' meeting of the Company shall notify the shareholders of the stipulated period according to law. Shareholders' meeting notices shall be given to shareholders who own less than 1,000 shares of nominal stocks, can be upload to the MOPS by the company.
The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Article 4 (Attendance by Proxy and Authorization)
For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 5 (Principles determining the time and place of a shareholders' meeting)
The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6 (Preparation of documents such as the attendance book)
This Corporation shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other identification documents. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (Chairperson of the Shareholders' Meeting and Observers)

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chairperson, or, if there are no managing directors, one of the directors shall be appointed to act as chairperson. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairperson.

It is advisable that shareholders' meetings convened by the board of directors attended by a majority of the directors, and at least one member of the functional committee established pursuant to the Securities and Exchange Act . The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders' meeting by audio or video)

This Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting and retain for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 (Calculation of Numbers of Shares Attending the Shareholders' Meeting)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time, and announce the number of shareholders without voting right and shares represented by present shareholders at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the

total number of issued shares, the chairperson shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The related motions (including extemporaneous motions and amendments to motions) shall be subject to the voting by poll. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, except by a resolution of the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote. The chairperson shall determine voting mode and sequence, and also arrange suitable voting hours.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 (Voting of Proposal, Methods for Checking and Counting Ballots)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders' meeting, it shall adopt electronic means to exercise voting rights and may allow the shareholders to exercise voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. Notwithstanding, such shareholder shall be held abstaining from voting on the extemporary motions and amendments to the original motions, if any, at the shareholders' meeting. Therefore, it is advisable for this Corporation to avoid proposing any extemporary motions and amendments to the original motions.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chairperson or a person designated by the chairperson shall announce the total number of voting rights represented by the attending shareholders, followed by the casting of

votes by the shareholders on each of the motions.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting shall be conducted in public at the place of the shareholders' meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Matters for Discussion)

The election of directors at a shareholders' meeting shall be held in accordance with the Company's Procedure for the Election of Directors, and the voting results shall be announced on-site immediately, including the name list of those elected as directors and the number of votes won by them, and the name list of those not elected as directors and the number of votes received by them.

Article 15 (Meeting minutes)

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced in electronic form and distributed in electronic form or by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including statistic votes), and the number of votes won by each candidate in the case of election of directors, and shall be retained for the duration of the existence of this Corporation.

Article 16 (Public disclosure)

On the day of a shareholders' meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chairperson may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders' meeting)

When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Article 20 These Rules were drawn up on March 8, 2002. First amended on June 15, 2012. Second amended on June 12, 2015. Third amended on June 12, 2020. Fourth amended on July 23, 2021.

Rules for Handling the Acquisition or Disposal of Assets of Cathay Financial Holding Co., Ltd.

Established on June 6, 2003
First amendment on June 9, 2006
Second amendment on June 15, 2007
Third amendment on July 28, 2009
Fourth amendment on June 15, 2012
Fifth amendment on June 6, 2014
Sixth amendment on June 16, 2017
Seventh amendment on June 14, 2019

Chapter 1 General provisions

- Article 1 These Rules are established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the Financial Supervisory Commission ("the FSC").
The Company shall handle the acquisition or disposal of assets in compliance with this Rules. However, when other laws, administrative regulations, rules, orders and regulations of the competent authority provide otherwise, such provisions shall govern.
- Article 2 These Rules apply to the following asset categories:
- A. Investments in shares, government bonds, corporate bonds, financial bonds, securities that represent fund entitlements, depository receipts, call (put) warrants, beneficial securities, and asset-backed securities.
 - B. Real estate (including land, houses and buildings, investment property, land use rights) and equipment.
 - C. Memberships.
 - D. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - E. Lease assets.
 - F. Financial institutions claims (including receivables, bills purchased and discounted, loans and overdue receivables).
 - G. Derivatives.
 - H. Assets legally acquired or disposed of through mergers, splits, acquisitions or assignment of shares.
 - I. Other major assets.
- Article 3 Terms used in these Rules are defined as follows:
- A. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; contract combining the above; compound contracts or structured products containing embedded derivatives. "Forward contracts" as used herein does not include insurance contracts, performance contracts, after-sales service contracts, long-term

leasing contracts and long-term purchase (sales) contracts.

- B. Assets legally acquired or disposed of through mergers, splits, acquisitions or assignment of shares. Refers to assets acquired or disposed of through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or through an arrangement whereby new shares are issued in exchange for another company's shares (i.e. assignment of shares) under Paragraph 8, Article 156-3 of the Company Act.
- C. Related parties or subsidiaries: As defined in the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies.
- D. Professional appraiser: Refers to a real estate appraiser or anyone who is permitted by law to perform valuation of real estate properties and equipment.
- E. Date of occurrence: Refers to, the earliest of, the signing date, payment date, deal date, date of ownership transfer, the Board of Directors' resolution date or any other dates when the transaction counterparty and the amount can be verified with certainty. For investments that require the approval of the competent authority, the date of occurrence shall be determined as the earlier between the above dates and the date approved by the competent authority.
- F. Investment in the Mainland China area: Refers to investments in the Mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area announced by the Investment Commission of the Ministry of Economic Affairs.
- G. Professional Institution: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, which are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- H. Stocks exchanges: Domestic stocks exchange refers to the Taiwan Stock Exchange Corporation; foreign stocks exchange refers to any organized stocks exchange market that is regulated by the competent authorities of the jurisdiction where it is located.
- I. Over-the-counter markets ("OTC"): Domestic OTC markets refers to a market for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; foreign OTC markets refers to a market at a financial institution that is regulated by the foreign competent securities authority and that is permitted to conduct securities business.
- J. Stakeholder as defined in the Financial Holding Company Act: Refers to a stakeholder as defined in Article 45 of the Financial Holding Company Act.

Article 4 Professional appraisers and their officers, accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- A. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of this Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- B. May not be a related party or de facto related party of any party to the transaction.
- C. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- B. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- C. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 5 The scope and amount of acquisition and disposal of assets of the Company is handled in accordance with the Financial Holding Company Act and related interpretations.

Article 6 The scope and amount of acquisition and disposal of assets of the Company's subsidiaries are handled in accordance with the laws and regulations of their industry type and the Company's Rules for Handling the Acquisition or Disposal of Assets.

Chapter 2 Rules

Section 1 Appraisal and Operating Rules

Article 7 In acquiring or disposing of real estate, equipment, or its lease assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in the development of its own land, engaging in the development of leased land, or acquiring or disposing of equipment or its lease assets held for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions:

- A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval to the Board of Directors in advance; the same shall apply whenever there is any subsequent change to the terms and conditions of the transaction.
- B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained provided that the different professional appraisers or appraisal officers may not be related parties of each other.
- C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, an accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) of the Republic of China and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - 2. Where the discrepancy between the appraisal results of two or more professional

appraisers is 10% or more of the transaction amount.

D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion must still be issued by the original professional appraiser.

Article 8 In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage an accountant to provide an opinion regarding the reasonableness of the transaction price. If the accountant requires the evidence of an expert report, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).

Article 9 Where the Company acquires or disposes of intangible assets or its right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage an accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the accountant shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 9-1 The calculation of the transaction amounts referred to in Article 7 to Article 9 shall be conducted in accordance with Paragraph 2, Article 33 herein. In the meantime, "within one year", as used herein, refers to the year preceding the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which a professional appraisal report or accountant's opinion has been obtained according to the Rules.

Article 10 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or accountant opinion.

Article 11 Where the Company acquires or disposes of assets, the authorized division shall obtain the relevant appraisal reports and once these are verified in accordance with the Company's executive officers hierarchy decision-making procedure, continue their handling.

The price for the acquisition or disposal of securities traded on the centralized securities market or at a securities firm's place of business, shall be the price of the security of that day. The acquisition or disposal of other assets shall be conducted by way of bidding, price comparison or price negotiation. The payment terms shall be based on the general market conditions.

The trading counterparties of the Company's acquisition or disposal of assets are interested stakeholders of the Financial Holding Company Act, and the transactions are in accordance with "other transactions" as defined in Article 45 of the Financial Holding Company Act; the terms of the transaction shall not be more favorable than those of similar transactions, and such transactions will require the concurrence of at least

three-quarters of the Company's directors and resolutions shall be passed with the support of at least two-thirds of the participating directors.

Section 2 Related-Party Transactions

Article 12 When engaged in the acquisition or disposal of assets from or to a related party, the Company shall, in accordance with the regulations stipulated in this section and the preceding chapter, complete the relevant resolution procedures and appraisal of the reasonableness of the transaction terms. If the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with the provisions of the preceding Section.

With regard to the calculation of transaction amount prescribed in the preceding paragraph, the Company shall follow the procedures prescribed in Article 9-1 herein. When determining whether the transaction counterparty is a related party, the Company shall take into account not only the legal formalities, but also the substance of the relationship.

Article 13 When the Company intends to acquire or dispose of real estate or its lease assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its lease assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except when trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic securities investment trust enterprises issued-money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

10. The purpose, necessity and anticipated benefit of the acquisition or disposal of the real estate.
11. The reason for choosing the related party as a transaction counterparty.
12. With respect to the acquisition of real estate or its lease assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.
13. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties.
14. A monthly cash projection report for the next year starting from the contract month, and comments on the necessity of the transaction and the reasonableness of how the capital is to be used.
15. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with the preceding article.
16. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Paragraph 2, Article 33 herein. In the meantime, "within one year" as used herein refers to the year preceding to the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which approval from the board of directors and recognition from the supervisors has been obtained according to the Rules.

The Company has established independent directors in accordance with the Securities and Exchange Act. When proposed for discussion by the Board of Directors,

independent directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by independent directors must be detailed in board meeting minutes.

The Company has established an audit committee in accordance with the Securities and Exchange Act. Matters in Paragraph 1 that require the supervisors' recognition shall be subject to the consent of one-half or more of the entire membership of the Audit Committee, and shall also be submitted to the Board of Directors for resolution.

If the preceding paragraph is not approved by more than one-half of the Audit Committee members, then it must be approved by more than two-thirds of the entire Board of Directors. The decision shall be recorded in meeting minutes.

The entire members of the Audit Committee or the Board of Directors referred to in Paragraph 4 shall be calculated based on the number of actual serving Directors.

Article 14 The Company acquiring real estate or its lease assets from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Required interest on funding" as used herein is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan, provided that the actual cumulative amount loaned by the financial institution had been 70% or more of the financial institution's appraised loan value of the property and the period of the loan had been of 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and buildings thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When acquiring real estate or its lease assets from a related party, the Company shall appraise the cost of the real estate or its lease assets in accordance with Paragraph 1 and Paragraph 2 above; in the meantime an accountant shall be engaged in the review of the appraisal to render an opinion.

Where the Company acquires real estate **or its lease assets** from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13, and the preceding three paragraphs do not apply:

- A. The related party has acquired the real estate or its lease assets through inheritance or as a gift.
- B. More than five years have elapsed since the acquisition of the real estate or its lease assets by the related party since the date the contract for the transaction was signed.
- C. The real estate is to be acquired through a joint construction agreement with the related party, or through an arrangement where the related party is engaged to build, either on the Company's own land or on rented land.
- D. The real estate lease assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital.

Article 15 When the results of the Company's appraisal conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and an accountant, this restriction shall not apply:

- A. Where the related party has acquired the undeveloped or leased land for development, and is able to provide evidence of meeting the following criteria:
 1. The total appraised value of the undeveloped land and the buildings exceed the actual transaction price, where the undeveloped land has been evaluated in accordance with the methods prescribed in the preceding article and the buildings have been appraised by adding a reasonable construction profit to the construction cost paid by the related party. The “reasonable construction profit” as used herein shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 3. Leasing deals by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor in accordance with standard property market leasing practices.
- B. Where the Company acquiring real estate, or obtaining real estate lease assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

“Completed transactions involving neighboring or closely valued parcels of land” as used in the preceding paragraph in principle refer to parcels on the same or adjacent block and within a distance of no more than 500 meters, or parcels close in publicly announced current value; “Transactions involving similarly sized parcels” as used herein in principle refer to deals completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; “within the preceding year” as used herein refers to the year preceding the date of occurrence of the acquisition of the real estate or the lease assets thereof.

Article 16 Where the Company acquires real estate or its lease assets from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

- A. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate or its lease assets. These funds may not be distributed or used for capital increase or issuance of bonus shares. For a public company adopting the equity method to account for its investment in another company, the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor.
- B. The supervisors shall perform their duties according to Article 218 of the Company Act. The Company has established an Audit Committee in accordance with the provisions of the Securities and Exchange Act, and so the preceding part of this subparagraph shall apply *mutatis mutandis* to the independent director members of the Audit Committee.
- C. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the investment prospectus.

If the Company has set aside a special reserve under the preceding paragraph, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.

The rules specified in the preceding two paragraphs shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real estate or its lease assets from a related party.

Section 3 Engaging in Derivatives Trading

Article 17 The Company is engaged in derivatives trading for purposes such as hedging (financial hedging or accounting hedging) and investments in commodities approved by the competent authority; account safety and liquidity are considered simultaneously.

Article 18 The Company's hedging strategies for engaging in derivatives trading are:

- A. The restrictions on the total amount of derivative transactions for hedging purposes shall not exceed the accumulated total amount of the hedged assets.
- B. Set the maximum loss limits on all and individual contracts (stop-loss points).
- C. Regularly assess the profit/loss and performance of the derivatives.
- D. Strictly evaluate the credit status and professional competence of the trading counterparties.
- E. All transactions and related operations are handled in accordance with laws and regulations.

Article 19 The board of directors of the Company shall supervise and manage derivative transactions in accordance with the following principles:

- A. The designated senior managers shall pay constant attention to the monitoring and control of derivative transaction risks.
- B. They shall review the performance of derivative transactions on a regular basis to ensure that it is consistent with the business strategies of the Company and that the risks involved are within the Company's risk tolerance.

Article 20 Where the Company engages in derivatives trading, the authorities of the Chairman authorized by the Board of Directors are:

- A. To list the purpose of the transaction and the categories of the products.
- B. To list the counterparties of the transactions and determine the maximum amount authorized for trading with said counterparties.
- C. To approve individual transactions.
- D. Supervise and control transaction risks.

The Chairman of the board shall authorize relevant departments to formulate relevant procedures, authorized amount, decision-making hierarchies, total transaction amount, performance appraisals and risk control methods according to the nature of the products and, once the transaction has been arranged, the relevant information shall be submitted to the impending Board of Directors.

Article 21 The Chairman shall observe the following principles when managing financial derivative transactions:

- A. Regular reviews shall be conducted on existing risk management measures to ensure their suitability and full compliance with the requirements prescribed in relevant laws and regulations and these Rules.

- B. In case any irregularities are found in the course of monitoring the transactions and gains/losses (such as the held position exceeding the loss limit), necessary responsive measures shall be taken and reported to the Board of Directors immediately. If independent directors have already been appointed, independent director shall participate in the Board of Directors to express their opinions.

Article 22 When engaged in derivatives transactions, the Company shall adopt the following risk management measures:

- A. Risk management shall address credit, market, liquidity, cash flow, operational and legal risks.
- B. The Company's personnel engaged in derivatives trading may not serve concurrently in other operations such as deal confirmation and settlement.
- C. Personnel responsible for risk measurement, monitoring and control shall be assigned to a department separate from the individuals specified in the preceding subparagraph, and shall report to the Board of Directors or other senior managers who are not engaged in decision making on transactions or trading positions.
- D. The trading unit shall assess its derivatives trading positions at least once a week. Hedging transactions conducted to meet business requirements shall be assessed at least twice a month. Assessment reports shall be presented to the Chairman or senior management level authorized thereby.
- E. Where the Company's engagement in derivatives trading involves legal affairs, it shall consult the legal unit or external legal consultants.

Article 23 The Company shall establish a logbook for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transaction and the date it was resolved by the Board of Directors. The logbook shall also include the "other items to be evaluated" prescribed in this chapter.

Article 24 The Company's internal auditors shall, on a regular basis, check the adequacy of the internal control system for derivatives transactions. They shall conduct monthly audits on the handling procedures of derivatives transactions to ensure compliance. Audit reports shall be produced. The auditors are required to advise the supervisors in writing if any significant violations are found.

The Company has established the Audit Committee in accordance with the provisions of the Securities and Exchange Act, and so the provisions with respect to the supervisors in the preceding paragraph shall apply mutatis mutandis to the Audit Committee.

Section 4 Mergers, Splits, Acquisitions, and Assignment of Shares

Article 25 When engaged in mergers, splits, acquisitions or assignment of shares, the Company shall, before convening a Board meeting to approve such matters, engage an accountant, attorney or securities underwriter to provide opinions on the reasonableness of the share assignment ratio, acquisition price and the cash or other property to be distributed to shareholders. The proposal shall be submitted to the Board of Directors for deliberation and passage. However, the aforementioned requirements regarding obtaining an opinion on reasonableness stated by an expert does not apply in the case where the Company directly or indirectly holds 100% of the issued stocks or the total capital of its subsidiary of when the Company directly or indirectly holds 100% of the issued stocks or the total capital of the merger of its subsidiaries.

Article 26 The Company shall, before the shareholders' meeting, prepare a public report for the shareholders detailing important contractual content and matters relevant to the merger, split, or acquisition. The report shall be sent to the shareholders along with the notification for the shareholders' meeting and the expert opinions referred to in the preceding Article, so that it can be used as a reference for decision-making on the merger, split, or acquisition. This, however, shall not apply if the Company has been lawfully granted an exemption from convening a shareholders' meeting to resolve on such matters.

In the event that the Company is unable to convene a shareholders' meeting or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or if the proposal is rejected by the shareholders' meeting, the Company shall immediately explain to the public the reason, follow-up measures and the scheduled date of the next shareholders meeting.

Article 27 Unless otherwise provided by law or agreed in advance by the Financial Supervisory Commission for special reasons, the Company and the participating company in an merger, split or acquisition project are required to convene a Board of Directors meeting and shareholders' meeting on the same day to resolve any details related to the merger, split or acquisition.

Unless otherwise provided by law or agreed in advance by the Financial Supervisory Commission for special reasons, the companies participating in assignment of shares are required to convene a Board of Directors meeting on the same day.

When engaged in merger, split, acquisition or assignment of shares, the Company shall keep a complete written record, which shall be retained for five years for review and audit purposes, including the following information:

- A. Basic personnel information: Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, split, acquisition, or assignment of shares prior to public disclosure of the information.
- B. Dates of important events: Including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor, signing contracts or holding Board of Directors meetings.
- C. Important documents and meeting minutes Including the plans for merger, split, acquisition or assignment of shares, letter of intent or memorandum of understanding, important contracts and minutes of the Board of Directors meetings.

When participating in a merger, split, acquisition, or assignment of shares, the Company shall, within 2 days from the date of passage of the Board resolution, submit the information required in Subparagraphs 1 and 2 of the preceding Paragraph to the Financial Supervisory Commission for redecoration. The information shall be compiled according to the specified format and transmitted via the Online Information System.

If any of the participating companies in the merger, split, acquisition, or assignment of shares is not a listed company or a company having its shares traded on an OTC market, the Company shall sign an agreement with such participating companies, while abiding by the provisions of Paragraphs 3 and 4 herein.

Article 28 The Company participating in or privy to the plan for the merger, split, acquisition, or assignment of shares shall be required to issue an undertaking of confidentiality in writing not to disclose the content of the plan prior to public disclosure of the information. Neither shall they, in their own name or under the name of a third person, trade in any stock or other equity securities of any company related to such plan.

Article 29 Except for the following circumstances, the Company shall not arbitrarily change the

share exchange ratio or acquisition price when participating in the merger, split, acquisition or assignment of shares. The Company shall, in the meantime, stipulate in the relevant contracts for the merger, split, acquisition or assignment of shares the conditions where such changes are allowed:

- A. Administering capital increase in cash or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity-based securities.
- B. Disposal of the Company's major assets or other activities which may influence the financial operations of the Company.
- C. Significant events such as major disasters or material technology changes which will influence the rights and interests of the shareholders or share price of the Company.
- D. Adjustments made by any of the participating companies of the merger, split, acquisition or assignment of shares due to the lawful buyback of treasury stock.
- E. Changes in the entities or number of participating companies for the merger, split, acquisition or assignment of shares.
- F. Other terms and conditions in which changes are permitted, subject to that they have been stipulated in the relevant contracts and publicly disclosed.

Article 30 When participating in the merger, split, acquisition or assignment of shares, the Company shall state clearly in the relevant contracts the rights and obligations of the participating companies, and shall also record the following:

- A. Handling of a contract breach.
- B. Principles for handling equity securities previously issued or treasury stock previously bought back by a company which has been divested, or extinguished in a merger or that is split..
- C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- D. The manner of handling changes in the number of participating entities or companies.
- E. Preliminary progress schedule for plan execution, and anticipated completion date.
- F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 31 In the event that, after the public disclosure of the information for the merger, split, acquisition or assignment of shares participated in by the Company, one of the participating companies intends to engage the Company in such activities, all the participating companies shall again go through all the procedures and legal actions which have already been completed for the original merger, split, acquisition or share assignment. The Company, however, may be exempted from calling another shareholders' meeting to reapprove the plan, if the number of participating companies has decreased and the Board of Directors of the Company have received approval and authorization from the shareholders' meeting to change the authority.

Article 32 If any of the participating companies of the merger, split, acquisition, or assignment of shares is not a publicly listed company, the Company shall sign an agreement with such participating companies, while abiding by the provisions of Articles 27, 28 and 31 herein.

Chapter 3 Information Disclosure

Article 33 Under any of the following circumstances, the Company shall, within 2 days from the

date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format based on the nature of the transaction:

- A. Acquisition or disposal of real estate or its lease assets from or to a related party, or acquisition or disposal of assets other than real estate or its lease assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- B. Merger, split, acquisition, or assignment of shares.
- C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Rules adopted by the Company.
- D. Where equipment or its lease assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- E. Where real estate is acquired under an arrangement engaging in the development of self-owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction falls below NT\$500 million.
- F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds.
 - 2. Securities trading on securities exchanges or OTC markets, or subscription of common corporate bonds or general financial bonds without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds performed by professional institutes.
 - 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- A. The amount of any individual transaction.
- B. The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year.
- C. The cumulative transaction amount of real estate or its lease assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year.
- D. The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year.

“Within one year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to these Rules may be excluded.

The Company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the

prescribed format into the information reporting website designated by the Financial Supervisory Commission before the 10th of each month.

When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall retain for itself a file of the relevant contracts, meeting minutes, logbooks, appraisal reports, opinions from the accountants, attorneys and securities underwriters for at least five years, unless otherwise provided by law.

- Article 34 If the following situations arise after the Company has announced or reported transactions according to the preceding Article, the Company shall announce and report such matters within two days on the website specified by the competent authority:
- A. Change, termination, or rescission of the contract signed in connection with the original transaction.
 - B. Failure to complete the merger, split, acquisition, or assignment of shares within the deadline prescribed in the contract.
 - C. Changes to the information originally announced or reported.

- Article 35 When a subsidiary is not a public company, the Company shall publicly announce the subsidiary's acquisition or disposal of assets requiring public announcement as prescribed by this Chapter.
- With regard to the threshold for announcement or reporting by subsidiaries prescribed in Subparagraph 4, Paragraph 1, Article 33, herein (i.e., 20% of paid-in capital or 10% of total assets), the calculation basis for the threshold shall be the paid-in capital or total assets of the Company.
- The total assets stated in the Company's most recent individual financial report shall be used for the calculation of 10% of the total assets under these Rules.

Chapter 4 Supplementary Provisions

- Article 36 Company personnel who violate the Rules shall be penalized according to the Company's personnel regulations, and personnel implicated in unlawful conduct or practice shall be reported to the judicial authority.
- Article 37 With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Rules or other laws or regulations, if a director expresses dissent and it has been recorded or presented as a written statement, the Company shall submit said director's dissent information to each supervisor.
- The Company has elected independent directors in accordance with the Securities and Exchange Act. When a Board meeting discusses acquisition or disposal of assets transactions as stipulated in the previous Paragraph, the Board shall fully take into consideration each independent director's opinions. If any independent director objects to or expresses reservations about any matter, it shall be recorded in the Board meeting minutes.
- In the event that the Company has established an audit committee in accordance with the Securities and Exchange Act, any substantial asset transactions or derivative transactions shall be approved with the consent of one-half or more of all Audit Committee members and then submitted to the Board for a resolution; said transaction shall be subject to mutatis mutandis application of Paragraphs 5 and 6, Article 13.

- Article 38 The subsidiaries of the Company shall establish their own Rules for Handling the Acquisition or Disposal of Assets. After the Rules have been approved by the subsidiary's Board of Directors, these shall be submitted to the Company for approval; the same applies when the Rules are amended.
- The subsidiaries of the Company shall check whether the relevant procedures are handled in accordance with the established Rules. The internal auditors of the Company may personally review the relevant matters of the aforementioned inspection report, or delegate said review to the auditors of the subsidiary; if necessary, an on-site inspection shall be conducted.
- Article 39 After the establishment of this Rules, these must be approved by the Board of Directors, submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the Rules are amended. If a director expresses dissent and it has been recorded or made in writing, the director's dissenting opinion shall be submitted to each supervisor.
- If the Company has elected independent directors in accordance with the Securities and Exchange Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
- In the event that the Company has established an audit committee in accordance with the Securities and Exchange Act, the establishment or amendment of this Rules shall be subjected to the consent of one-half or more of all audit committee members and be submitted to the Board of Directors for resolution, and shall be subject to mutatis mutandis application of Paragraphs 5 and 6 of Article 13.
- Article 40 These Rules shall be effective and enforceable from the date of adoption. The same shall apply to the amendment or cancellation of these Rules.

【Appendix IV】

Cathay Financial Holdings Corporation Procedure for the Election of Directors

Established on June 3, 2004

First amended on June 9, 2006

Second amended on June 15, 2007

Third amended on June 14, 2013

Fourth amended on June 12, 2015

Fifth amended on June 14, 2019

Sixth amended on July 23, 2021

- Article 1 The Company's directors shall be elected in accordance with the Procedure, unless otherwise provided for by law or the Company's Articles of Incorporation.
- Article 2 Starting from the board of directors of the sixth session, the Company's directors shall be elected by means of the candidate nomination system. The shareholders' meeting shall elect the directors from among the nominees listed in the slate of director candidates.
The Company's directors shall be duly elected by means of the registered form accumulated balloting system. Each share is entitled to electing power equivalent to the number of directors to be elected. Such electing power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win ballots that represent greater election powers are elected directors.
- Article 3 Where the Company establishes independent directors in accordance with its Articles of Incorporation, the independent directors and non-independent directors shall be elected at the same time, and the elected independent directors and non-independent directors shall be respectively calculated. The independent directors shall meet the qualifications, and be duly elected in accordance with the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" and the laws and ordinances concerned.
- Article 4 The Company's directors shall be elected under the nomination system defined in Article 192-1 of the Company Act.
When a director is dismissed for any reason, resulting in there being less than 5 directors, the Company shall reelect the directors at the most recent shareholder's meeting, provided that where the vacancies of directors attain one-third of the directors to be appointed, the Company shall call a special shareholder's meeting to reelect the directors within 60 days, counting from the date of occurrence of the event.
Where the number of independent directors is less than the statutory number, the directors shall be reelected at the most recent shareholder's meeting. Where all independent directors are discharged, a special shareholders' meeting shall be called within 60 days to reelect the independent directors, counting from the date of occurrence of the event.
- Article 5 For the Company's directors, the number of the elected independent directors and

non-independent directors shall be calculated separately. The ones who win more votes shall be elected to be the independent and non-independent directors. Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, those elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on behalf of them.

- Article 6 When the election commences, the chairperson shall designate several scrutineers who are shareholders, and several ballot recorders dedicated to performing the various tasks. The ballot box for the election shall be prepared by the Board of Directors and inspected by the scrutineers publicly prior to the voting.
- Article 7 The ballots shall be produced by the Board of Directors and shall specify the number of each shareholder's voting right, and be assigned to the shareholders present at the shareholder's meeting. The names of
- Article 8 In the event of any of the following circumstances, ballots shall become invalid:
1. Where the ballots are not those produced by the convene.
 2. Where the total of voting rights assigned for the candidates exceeds the total voting rights for the ballots.
 3. Where there are other words written on the ballots in addition assigned voting rights.
 4. Where the writing is too illegible to be recognizable, or is altered.
 5. Where the specified candidate does not match the roster of director candidates.
 6. Where ballots cast into the ballot box remain blank.
 7. Where there are violations of other laws, regulations and requirements.
- Article 9 The ballots shall be counted and announced upon the completion of the voting. The ballot counting result shall be announced by the chairperson on the spot, including the name list of elected directors and votes won by them.
- Article 10 The Board of Directors will send the notice to each director elected.
- Article 11 The Procedure shall be enforced upon resolution of the shareholders' meeting. The same shall apply where the Procedure is amended.

【Appendix V】

Cathay Financial Holding Co., Ltd.

Shareholding of the Directors

Ex-dividend date : April 19, 2022

Title	Name	2022 Annual Shareholders' Meeting Number of Outstanding Shares Registered in the Shareholders' Registry on the Ex-Dividend Date		Remarks
		Number of Outstanding Common Stocks	Number of Outstanding Preferred Stocks	
Chairman	Hong-Tu Tsai	45,424,978	6,128,386	
Vice Chairman	Tsu-Pei Chen	6,500,740	100,000	Representative of Cathay United Bank Foundation
Director	Cheng-Ta Tsai	55,087,569	5,153,614	Representative of Chia Yi Capital Co., Ltd.
Director	Cheng-Chiu Tsai	33,875,134	0	Representative of Chen-Sheng Industrial Co., Ltd.
Director	Chi-Wei Joong	55,087,569	5,153,614	Representative of Chia Yi Capital Co., Ltd.
Director	Andrew Ming-Jian Kuo	6,500,740	100,000	Representative of Cathay United Bank Foundation
Director	Tiao-Kuei Huang	34,590,372	0	Representative of Cathay Life Insurance Co., Ltd. Employees' Welfare Committee
Director	Ming- Ho Hsiung	34,590,372	0	Representative of Cathay Life Insurance Co., Ltd. Employees' Welfare Committee
Director	Chang-Ken	34,590,372	0	Representative of Cathay Life Insurance Co.,

	Lee			Ltd. Employees' Welfare Committee
Independent Director	Feng-Chiang Miao	0	0	
Independent Director	Edward Yung Do Way	0	0	
Independent Director	Li-Ling Wang	0	0	
Independent Director	Tang-Chieh Wu	0	0	
Total		175,478,793	11,382,000	
Total Common Stocks and Preferred Stocks		186,860,793		

Explanation :

1. The Company has already issued 14,702,510,128 stocks. According to Article 26 of the Securities and Exchange Act and Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of outstanding shares that must be held by the Board of Directors is 160 million. As of April 19, 2022, the number of outstanding shares held by the Board of Directors is 186,860,793.
2. The Company has established an audit committee, therefore, the minimum shareholding regulation for supervisors is not applicable.