

# **Cathay Financial Holding Co., Ltd.**

## **GENERAL SHAREHOLDERS MEETING 2022**

### **Meeting Minutes**

Time: 09:00 AM, 17 June 2022 (Friday)

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>

Attendance: The shareholders and proxies of shareholders present in the meeting represented 11,203,681,892 shares (including 8,580,470,757 shares represented by shareholders participating in the meeting through electronic and video means). Share without voting right – 0. The presence of the shareholders and proxies of shareholders accounted for 76.20% of the total of 14,702,510,128 shares entitled to attend the meeting.

The attendance rate less the shares represented by shareholders attending the online shareholders’ meeting is 76.2%.

Attendance list of the Board of Directors :

Attend the venue : Hong-Tu Tsai, Chairman of the Board of Directors and Director Chang-Ken Lee.

Attend on line due to Covid 19 : Tsu-Pei Chen, Vice Chairman of the Board of Directors 、 Director Cheng-Chiu Tsai 、 Director Chi-Wei Joong 、 Director Andrew Ming-Jian Kuo 、 Director Tiao-Kuei Huang 、 Director Ming-Ho Hsiung

Attendance list of Audit Committee :

Attend the venue : Independent Director Edward Yung Do Way

Attend on line due to Covid 19 : Independent Director Li-Ling Wang 、  
Independent Director Tang-Chieh Wu

Observers:

Attend the venue : Mark Wei-Chen Tu Attorney-at-Law of Baker & McKenzie,  
Cheng-Hung Kuo, CPA of Deloitte Taiwan

Attend on line due to Covid 19 : Shu-Wan Lin, CPA of Deloitte Taiwan

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Minutes taken down by Chu-Chun Ou-Yang

#### **I .Announcement for the meeting in session:**

The Company has 14,702,510,128 outstanding shares and shareholders representing the 14,702,510,128 shares. As of 09:00 AM, the meeting was attended by 11,202,963,814 shares (including 8,580,444,693 shares represented by shareholders participating in the meeting through electronic and video means), which constituted 76.20% of the shares entitled to the meeting, which qualified for a quorum. The chairman hereby announced this meeting is in session.

The meeting is convened physically the assistance of video conferencing. In order to improve the parliamentary efficiency, The chairman decide that the meeting should be convened in the following manner and adopt the following voting model and order, in accordance with Article 10 of the Company's Rules for Procedure of the Shareholders' Meeting: Motions for acknowledgement and discussion, and election matters, shall be read out by the master of ceremonies of the meeting, and then all motions are voted in one step after completion of the discussion.

Where the online meeting platform is interrupted for more than 30 minutes

due to force majeure, before the voting results on all motions are disclosed, and the attendance rate is still held meeting the statutory requirement after the attendance disclosed on the site less the shares represented by shareholders attending the online meeting, the shareholders' meeting shall be continued and there is no need to postpone the meeting for not more than, or reconvene the meeting within, 5 days.

## **II. The opening address of the chairman:** (skipped)

## **III. Matters for report**

1. Business Report for 2021. (Refer to the General Meeting Agenda Handbook)
2. Audit Committee Report. (Refer to Appendix I)
3. 2021 report on compensation to Employees and Directors of the Company. (Refer to the General Meeting Agenda Handbook)

## **IV. 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 ex-amended by the audit committee. We hereby propose for acknowledgement (Refer to Appendix II).

RESOLVED :

The result of balloting indicated that votes representing 8,994,972,837 rights were cast in favor of the motion (of which 6,384,861,725 rights were exercised through electronic and video means), while votes representing 2,899,063 rights were cast in objection to the motion (of which 2,889,063 rights were exercised

through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 904,685,699 rights were abstention votes/no votes to the motion (of which 903,796,176 rights were exercised through electronic and video means).The votes in favor of the motion accounted for 90.83% of the total votes and favorable action has been taken in favor of the motion.

Agenda 2 : Acknowledgement of earnings distribution for 2021 (Refer to Appendix III)

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 :**

The result of balloting indicated that votes representing 9,008,065,246 rights were cast in favor of the motion (of which 6,397,954,134 rights were exercised through electronic and video means), while votes representing 1,898,944 rights were cast in objection to the motion (of which 1,898,944 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 892,593,409 rights were abstention votes/no votes to the motion (of which 891,703,886 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 90.97% of the total votes and favorable action has been taken in favor of the motion.

**V. 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) The contents of the amendment in comparison with the contents before amendment are provided as Appendix III.

**RESOLVED :**

All of the shareholders of common stock and preferred stock are entitled to vote for the Motion. The result of balloting indicated that votes representing 10,067,735,744 rights were cast in favor of the motion (of which 7,445,421,402 rights were exercised through electronic and video means), while votes

representing 147,079,628 rights were cast in objection to the motion (of which 147,079,628 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 988,865,520 rights were abstention votes/no votes to the motion (of which 987,969,727 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 89.86% of the total votes and favorable action has been taken in favor of the motion.

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) The contents of the amendment in comparison with the contents before amendment are provided as Appendix VI.

RESOLVED :

The result of balloting indicated that votes representing 8,799,040,024 rights were cast in favor of the motion (of which 6,188,928,912 rights were exercised through electronic and video means), while votes representing 115,589,640 rights were cast in objection to the motion (of which 115,589,640 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 987,927,935 rights were abstention votes/no votes to the motion (of which 987,038,412 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 88.86% of the total votes and favorable action has been taken in favor of the motion.

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 as Appendix V.

RESOLVED :

All of the shareholders of common stock and preferred stock are entitled to vote for the Motion. The result of balloting indicated that votes representing 8,936,103,420 rights were cast in favor of the motion (of which 6,325,992,308 rights were exercised through electronic and video means), while votes representing 1,633,334 rights were cast in objection to the motion (of which 1,633,334 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 964,820,845 rights were abstention votes/Invalid /no votes to the motion (of which 963,931,322 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 90.24% of the total votes and favorable action has been taken in favor of the motion.

Agenda4 : 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 Appendix VI.



RESOLVED :

All of the shareholders of common stock and preferred stock are entitled to vote for the Motion. The result of balloting indicated that votes representing 10,053,988,032 rights were cast in favor of the motion (of which 7,431,673,690 rights were exercised through electronic and video means), while votes representing 183,605,307 rights were cast in objection to the motion (of which 183,605,307 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 966,087,553 rights were abstention votes/no votes to the motion (of which 965,191,760 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 89.74% of the total votes and favorable action has been taken in favor of the motion.

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 Appendix VIII.

## ELECTION RESULTS

List of the Directors and the Independent Directors for the 8th term (Arranged by Shares in Favor) :

### 1. Directors

Shareholder or ID No.	Elected Directors	Shares in Favor
1372	Hong-Tu Tsai	20,491,799,772
572870	Chia Yi Capital Co., Ltd. Representative: Cheng-Ta Tsai	14,434,485,429
552922	Chen-Sheng Industrial Co., Ltd. Representative: Cheng-Chiu Tsai	11,641,507,893
572870	Chia Yi Capital Co., Ltd. Representative: Chi-Wei Joong	8,052,444,075
579581	Cathay United Bank Foundation Representative: Andrew Ming-Jian Kuo	7,919,669,995
1237	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Tiao-Kuei Huang	7,777,771,466
1237	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Ming-Ho Hsiung	7,602,094,105
1237	Cathay Life Insurance Co., Ltd. Employees' Welfare Committee Representative: Chang-Ken Lee	7,409,048,548

### 2. Independent Directors

Shareholder or ID No.	Elected Directors	Shares in Favor
A13172 * * * *	Feng-Chiang Miao	4,114,469,900
A10214 * * * *	Edward Yung Do Way	4,091,488,653

Shareholder or ID No.	Elected Directors	Shares in Favor
M22026 * * * *	Li-Ling Wang	4,069,071,185
R12020 * * * *	Tang-Chieh Wu	4,049,072,212
F22093 * * * *	Pei Pei Yu	4,030,329,868

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	Chairman Chairman Chairman Chairman Chairman Director

<b>Director</b>	<b>Company</b>	<b>Concurrent Post</b>
	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.	Director Director Director
Edward Yung Do Way	YCSY Co., Ltd. MiTAC Holdings Corporation	Chairman Director
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 :**

The result of balloting indicated that votes representing 8,244,270,287 rights were cast in favor of the motion (of which 5,730,337,856 rights were exercised through electronic and video means), while votes representing 4,381,175 rights were cast in objection to the motion (of which 4,381,175 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 1,557,727,456 rights were abstention votes/Invalid /no votes to the motion (of which 1,556,837,933 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 84.07% of the total votes and favorable action has been taken in favor of the motion.

Questions from Shareholder :

1. Shareholder Account No. 478104 and 1498062 mentioned the issues, such as lift rates and stock market crash in the USA, and asked the Company about how the Company expects the subsequent development, what impact has been posed to the Company and how the Company plans to respond to it.
2. Shareholder Account No. 478104 and 1498062 raised questions toward the epidemic prevention insurance policy.

The Chairman and the designated person explained and responded to the concerns addressed by the shareholders.

**VI. Provisional motions:**

Shareholder account No.1463 expressed his appreciation of a cash dividend of NT\$3.5 per share from the Company.

**VII. Meeting adjourned** (at 9:58 AM the same day.)

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Minutes taken down by Chu-Chun Ou-Yang

According to article 183 paragraph IV in Company Act that the Meeting Minutes shall record a summary of the essential points of the proceedings and the results of the meeting ; In which the meeting's content, procedures and shareholders' speech were recorded the video conferences.

## 【Appendix I】

### 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.



## 【Appendix II】

### 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

## **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)	58,477,264	-	66,074,603	1
<b>TOTAL</b>	<b>\$ 11,594,361,461</b>	<b>100</b>	<b>\$ 10,950,472,444</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
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)	41,695,016	-	39,501,515	-
<b>Total liabilities</b>	<b>10,680,322,734</b>	<b>92</b>	<b>10,045,696,763</b>	<b>92</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)</b>				
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	99,781,737	1	197,311,121	2
<b>Total equity attributable to owners of the Company</b>	<b>902,038,146</b>	<b>8</b>	<b>893,061,216</b>	<b>8</b>
NON-CONTROLLING INTERESTS (Notes 4 and 24)	12,000,581	-	11,714,465	-
<b>Total equity</b>	<b>914,038,727</b>	<b>8</b>	<b>904,775,681</b>	<b>8</b>
<b>TOTAL</b>	<b>\$ 11,594,361,461</b>	<b>100</b>	<b>\$ 10,950,472,444</b>	<b>100</b>

# 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)

	2021		2020	
	Amount	%	Amount	%
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 Dollar)

	Equity Attributable to Owners of the Company										Other Equity				Total Equity	
	Share Capital			Retained Earnings		Unappropriated Earnings		Changes in the Fair Value			Other Comprehensive Income (Loss)		Non-controlling Interests			
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Revaluation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Instruments at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Attributable to Credit Risk of Financial Instruments Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans		Property Revaluation Surplus		Using Redefinition Overlay Approach
BALANCE, AT JANUARY 1, 2020	\$ 131,692,102	\$ 15,333,000	\$ 177,256,576	\$ 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	\$ 771,747,265	\$ 10,279,814	\$ 782,027,179
Appropriation 2019 earnings	-	-	-	5,844,843	-	(5,844,843)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	7,928,090	-	7,928,090	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(2,638,461)	(71,928,090)	(74,566,551)	-	-	-	-	-	-	-	(26,338,427)	-	(26,338,427)
Cash dividends on preferred shares	-	-	-	-	-	(3,590,254)	-	-	-	-	-	-	-	(3,590,254)	-	(3,590,254)
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	-	-	-	-	-	74,579,460	-	-	-	-	-	-	-	(3,944,303)	-	(3,944,303)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	74,579,460	1,378,763	75,958,223
Other comprehensive (loss) income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	15,941	371,803	(458,415)	-	44,542,942	80,408,501	(170,470)	80,238,031
Total comprehensive income (loss) for year ended December 31, 2020	-	-	-	-	-	74,579,460	-	38,081,029	15,941	371,803	(458,415)	-	44,542,942	154,988,221	1,208,293	156,196,514
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(154,672)	193,192	-	(193,192)	-	-	-	(143,225)	-	-	-	-
Others	-	-	-	-	-	297,897	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,263,358	2,263,358
BALANCE, AT DECEMBER 31, 2020	131,692,102	15,333,000	177,256,653	51,967,688	149,894,910	169,686,342	(15,464,009)	106,207,340	347,871	(1,478,705)	(1,966,279)	11,097,089	102,511,617	893,061,216	11,714,465	904,775,681
Appropriation of 2020 earnings	-	-	-	7,804,207	-	(7,804,207)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	1,025,611	-	1,025,611	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(3,292,025)	-	-	-	-	-	-	-	(3,292,025)	-	(3,292,025)
Cash dividends on preferred shares	-	-	-	-	-	(3,590,254)	-	-	-	-	-	-	-	(3,590,254)	-	(3,590,254)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(11,665)	-	-	(26,403)	-	(2,076)	-	-	-	-	-	(40,644)	-	(40,644)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(54,511)	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	389,308	1,000,129	1,000,129	249,245	(37,746,946)	64,327,923	72,100	64,278,862
Total comprehensive income (loss) for year ended December 31, 2021	-	-	-	-	-	139,514,082	-	(55,239,956)	12,020	1,000,129	1,000,129	249,245	(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)	-	-	-	(64,925)	-	-	-	-
Others	-	-	-	-	(204,498)	269,423	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(984,706)	(984,706)
BALANCE, AT DECEMBER 31, 2021	\$ 131,692,102	\$ 15,333,000	\$ 177,244,488	\$ 59,471,895	\$ 150,716,023	\$ 267,799,001	\$ (18,652,251)	\$ 47,131,473	\$ 335,851	\$ (889,397)	\$ (966,150)	\$ 11,283,909	\$ 64,764,671	\$ 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

(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
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	<u>5,706,826</u>	<u>2,627,333</u>
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	<u>(33,115,959)</u>	<u>(7,309,251)</u>
Net cash generated from operating activities	<u>72,515,605</u>	<u>196,186,447</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>97,878</u>	<u>89,620</u>
Net cash used in investing activities	<u>(12,891,519)</u>	<u>(15,165,853)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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:		
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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)

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

**Cathay Financial Holding Co., Ltd.**

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>REVENUE</b>		
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>
<b>EXPENSES AND LOSSES</b>		
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>
<b>INCOME BEFORE TAX</b>	140,556,310	77,117,686
<b>INCOME TAX EXPENSE</b>	<u>(1,042,228)</u>	<u>(2,538,226)</u>
<b>NET INCOME</b>	<u>139,514,082</u>	<u>74,579,460</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
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>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 45,166,120</u>	<u>\$ 154,988,421</u>
<b>EARNINGS PER SHARE</b>		
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										Total Equity				
	Share Capital	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference from the Translation of Financial Statements of Foreign Operations	Unrealized Gain at Fair Value through Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Liabilities Designated as at Fair Value Through Profit or Loss		Reassessment of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others
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	-	-	-	5,844,843	(71,928,000)	(5,844,843)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,338,420)
Cash dividends on ordinary shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Cash dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,944,303)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	74,579,460	-	-	-	-	-	-	-	-	74,579,460
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	74,579,460	-	-	-	-	-	-	-	-	74,579,460
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	193,192	-	(931,192)	-	-	-	-	-	-	-
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	-	-	-	7,904,207	-	(7,904,207)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	(55,239,956)	(12,020)	889,308	1,000,149	249,745	(37,746,946)	-	(94,337,962)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	139,514,082	-	(55,239,956)	(12,020)	889,308	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)	269,422	-	-	-	-	-	(64,925)	-	-	-
BALANCE AT DECEMBER 31, 2021	131,692,102	15,333,000	177,244,388	59,471,895	159,716,023	267,299,001	(18,622,251)	47,131,473	335,851	(889,397)	(966,130)	11,281,909	64,764,671	(3,224,389)	902,035,146

**Cathay Financial Holding Co., Ltd.**

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(282,041)	520,581
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	915,274	394,693
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	\$ 633,233	\$ 915,274



## 【Appendix III】

## 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.

【AppendixIV】

**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. 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, <u>provision or reversal of special reserves</u> 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.</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>

<b>Contents after amendment</b>	<b>Current Contents</b>	<b>Reasons for amendment</b>
<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>

【Appendix V】

**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> (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. (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>		<ol style="list-style-type: none"> <li>1. <u>The provision is added.</u></li> <li>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</li> </ol>

<b>Contents after amendment</b>	<b>Current Contents</b>	<b>Reasons for amendment</b>
<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>	<ol style="list-style-type: none"> <li>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.</li> <li>2. In reference to Paragraph 4, Article 4 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.</li> </ol>

Contents after amendment	Current Contents	Reasons for amendment
<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) 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. <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) 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) 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. 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) 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. 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>



Contents after amendment	Current Contents	Reasons for amendment
<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"> <li>1. <u>The provision is added.</u></li> <li>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</li> </ol>

Contents after amendment	Current Contents	Reasons for amendment
<p>meeting will resume.</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>

Contents after amendment	Current Contents	Reasons for amendment
		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>

Contents after amendment	Current Contents	Reasons for amendment
<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) 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>	<ol style="list-style-type: none"> <li>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.</li> <li>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</li> </ol>

Contents after amendment	Current Contents	Reasons for amendment
<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) 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) 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>

Contents after amendment	Current Contents	Reasons for amendment
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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. (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. (Paragraphs 5~8 omitted)</p>	<p>XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE. 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. 3.In response to the diversity policy about shareholders’ attendance at or</p>

Contents after amendment	Current Contents	Reasons for amendment
<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. 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) 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) 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>



Contents after amendment	Current Contents	Reasons for amendment
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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)  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)  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>

Contents after amendment	Current Contents	Reasons for amendment
<p>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>“Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.</p>
<p><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></p>		<ol style="list-style-type: none"> <li>1. <u>The provision is added.</u></li> <li>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.</li> </ol>
<p><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></p>		<ol style="list-style-type: none"> <li>1. <u>The provision is added.</u></li> <li>2. In reference to Article 20</li> </ol>

Contents after amendment	Current Contents	Reasons for amendment
<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 “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>

Contents after amendment	Current Contents	Reasons for amendment
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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>  <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>  2. Alternative measures applicable to shareholders with a digital divide shall be in place, considering these shareholders may</p>

Contents after amendment	Current Contents	Reasons for amendment
		have difficulty attending a virtual shareholders' meeting convened by the Company.
<p><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.</p>	<p><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.</p>	Adjust the Article Nos. in response to the addition of these provisions.
<p><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></p>	<p><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.</p>	Adjust the Article Nos. in response to the addition of these provisions, and add the date of the 5th amendment.

# 【Appendix VI】

## 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>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>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>



Contents after amendment	Current Contents	Reasons for amendment
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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"> <li>1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</li> </ol> <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"> <li>1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</li> </ol> <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>

Contents after amendment	Current Contents	Reasons for amendment
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>

Contents after amendment	Current Contents	Reasons for amendment
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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>	

<b>Contents after amendment</b>	<b>Current Contents</b>	<b>Reasons for amendment</b>
<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>

Contents after amendment	Current Contents	Reasons for amendment
<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"> <li>For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> <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"> <li>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></li> <li>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</li> </ol>	<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"> <li>For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> <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"> <li>Trading of domestic government bonds.</li> <li>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</li> </ol>	<p>government bonds that are offered and issued in the primary market, or subscription for or reverse sale of ETNs.</p>

Contents after amendment	Current Contents	Reasons for amendment
<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>	



<b>Contents after amendment</b>	<b>Current Contents</b>	<b>Reasons for amendment</b>
<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>	

## 【Appendix VII】

### 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.

【AppendixVIII】

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 &amp; 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
		<p data-bbox="603 215 1465 376">Executive Supervisor, National Taipei University Alumni Association ; Chairman, Alumni Association of Department of Public Finance, National Taipei University ; Supervisor, Taiwan-Russia Association, etc.</p> <p data-bbox="603 421 1465 461">Number of shares held : 0(common stock) ; 0 (preferred stock)</p>
Independent Director	Pei-Pei Yu	<p data-bbox="603 528 1465 945">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.</p> <p data-bbox="603 1003 1465 1043">Number of shares held : 0(common stock) ; 0 (preferred stock)</p>