

Stock Code : 2886

**Mega Financial Holding Co., Ltd.**  
**Handbook for the 2024 Annual Shareholders' Meeting**

**Meeting Time: 9:00 a.m., June 21, 2024**

**Venue: 13th Floor, No. 100, Jilin Road, Taipei**

**(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.)**

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

## **Procedure for the 2024 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairperson Remarks
3. Company Reports
4. Matters for Recognition
5. Matters for Discussion and Election
6. Questions and Motions
7. Adjournment

**Mega Financial Holding Co., Ltd.**  
**Year 2024**  
**Agenda of Annual Meeting of Shareholders**

**Time :** 09:00 a.m. on Friday, June 21, 2024

**Shareholders meeting will be held by means of:** physical shareholders  
meeting

**Venue:** 13/F, Jilin Bldg. of Mega International Commercial Bank (the “Bank”)  
No. 100, Jilin Road, Taipei, Taiwan

**Attendants:** Shareholders or their representatives

**Chairperson:** Chairman

**1. Announce a quorum is present and call the meeting to order**

**2. Chairperson Remarks**

**3. Company Reports**

- (1) 2023 Business Report
- (2) The Audit Committee’s Review Report on 2023 Business Report, Consolidated Financial Statements and the Proposal for Distribution of 2023 Earnings
- (3) The Distribution of Directors' and Employees' Compensation for 2023
- (4) The Company’s issuance of Corporate Bonds in 2023
- (5) Amendment to the “Principles for Ethical Management”

**4. Matters for Recognition**

- (1) 2023 Business Report and Consolidated Financial Statements
- (2) The Proposal for Distribution of 2023 Earnings

**5. Matters for Discussion and Election**

- (1) The Proposal for Issuing New Shares through Capitalization of 2023 Earnings
- (2) Amendment to the Company's Articles of Incorporation
- (3) Amendment to the Company's “Procedures for Acquisition or Disposal of Assets”
- (4) The Election of the 9th Term Board of Directors
- (5) Proposal of Releasing the Prohibition of the 9th Term Board of Directors from Participation in Competitive Business

**6. Questions and Motions**

**7. Adjournment**

## **Company Reports**

**Agenda 1:** 2023 Business Report. (Proposed by the Board of Directors)

Explanation: The 2023 Business Report is attached as Attachment 1 (p.14).

**Agenda 2:** The Audit Committee's Review Report on 2023 Business Report, Consolidated Financial Statements and the Proposal for Distribution of 2023 Earnings. (Proposed by the Board of Directors)

Explanation: The Audit Committee's Review Report is attached as Attachment 2 (p.24).

**Agenda 3:** The Distribution of Directors' and Employees' Compensation for 2023. (Proposed by the Board of Directors)

Explanation:

- (1) This proposal is made in accordance with Article 31-1 of the Company's Articles of Incorporation.
- (2) The Company provided NT\$166,759,926 (appropriation rate being 0.5%) and NT\$25,347,508 (appropriation rate being 0.076%) as the remuneration to directors and employees respectively for 2023, paid in cash only.
- (3) This proposal has been approved by the 38th meeting of the 8th term of Board of Directors on March 12, 2024.

**Agenda 4:** The Company's issuance of Corporate Bonds in 2023. (Proposed by the Board of Directors)

Explanation:

- (1) The Company's Board approved the issuance of unsecured corporate bonds for an amount of up to NT\$10 billion on June 27, 2023, and the Company raised NT\$10 billion on August 24, 2023. All the raised funds were used to repay loans from financial institutions.
- (2) The key terms of the bonds are as follows, and the whole terms is attached as Attachment 3 (p.25).

Issue	Tranche of Bond	Terms	Issue Amount	Coupon Rate	Issue Date	Maturity Date
112-1	A	3 years	NT\$1.2 billion	Fixed Rate 1.50%	2023.8.24	2026.8.24
112-1	B	5 years	NT\$6.6 billion	Fixed Rate 1.60%	2023.8.24	2028.8.24
112-1	C	7 years	NT\$2.2 billion	Fixed Rate 1.64%	2023.8.24	2030.8.24

**Agenda 5:** Amendment to the “Principles for Ethical Management”. (Proposed by the Board of Directors)

Explanation :

- (1) The company's “Principles for Ethical Management” was made on March 25, 2014, and has been amended two times during the period.
- (2) In conjunction with the renaming of internal organization, the Board of Directors hereby approved the third amendment on April 23, 2024 as follows:
  - A. Article 1-1: In conjunction with the renaming of departments, the Principles are amended to accommodate the current department names.
  - B. Article 28: This is a new article to add the revision (amendment) process of the Principles.
- (3) The Company’s “Principles for Ethical Management” is herewith attached as Attachment 4 ( See page 26 of this Handbook for details).

## **Matters for Recognition**

**Agenda 1:** 2023 Business Report and Consolidated Financial Statements. (Proposed by the Board of Directors)

Explanation: The Company's 2023 consolidated financial statements have been audited by CPA Kuo, Pao-Ju and Lai, Chung-Hsi of PricewaterhouseCoopers, Taiwan. The above-mentioned 2023 business report and consolidated financial statements have been approved by the Board and reviewed by the Audit Committee. The 2023 business report and consolidated financial statements are attached as Attachment 1 (p.14) and Attachment 5 (p.35).

RESOLUTION:

**Agenda 2: The Proposal for Distribution of 2023 Earnings. (Proposed by the Board of Directors)**

**Explanation:**

- (1) The 2023 financial statements have been audited by PricewaterhouseCoopers, Taiwan. The net profit after income tax of the Company in 2023 is NT\$33,246,977,273, after plusing Gain on disposal of investments in equity instruments measured at fair value through other comprehensive income amounted to be NT\$867,399,602, Reversal of special reserve for first-time adoption of TIFRS amounted to be NT\$2,586,853 and deducting Remeasurements of defined benefit plans amounted to be NT\$995,445,434, the 2023 distributable earnings is NT\$33,121,518,294, of which needs to deduct the provision for 10% legal reserve NT\$3,312,151,829, plus Reversal of special reserve for other equity reduction NT\$13,625,011,623 and the previous retained earnings of 2023 NT\$25,307,930,504; therefore, the total distributable earnings is NT\$68,742,308,592 and the 2023 distributable earnings shall be distributed as a priority as follows:
  - A. NT\$21,602,007,207 as cash dividends (NT\$1.5 per share)
  - B. NT\$4,320,401,440 as stock dividends (NT\$0.3 per share)
  - C. The balance of unappropriated retained earnings after distribution is NT\$42,819,899,945.
- (2) In order to execute this proposal, the annual general shareholders' meeting is proposed to authorize the Board to do the following:
  - A. To set the ex-dividend date.
  - B. To set the ex-right date after the stock dividends approved by the competent authority.
  - C. To deal with relevant changes if the number of the outstanding shares is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend payout ratio.
- (3) 2023 Earnings Distribution Statement is attached as Attachment 6 (p.51).
- (4) This proposal has been approved by the 39th meeting of the 8th term of Board of Directors held on April 23, 2024.

**RESOLUTION:**



## **Matters for Discussion and Election**

### **Agenda 1: The Proposal for Issuing New Shares through Capitalization of 2023 Earnings. (Proposed by the Board of Directors)**

#### **Explanation:**

- (1) To raise capital adequacy ratio and strengthen financial structure, the Company, in accordance with Article 240 of the Company Act, proposes to appropriate NT\$4,320,401,440 from 2023 distributable earnings for issuance of new 432,040,144 shares, with par value of NT\$10 per share.
- (2) The Company's authorized capital is NT\$220,000,000,000, and paid-in capital is NT\$144,013,381,380. After capitalization of retained earnings of NT\$4,320,401,440, the Company's paid-in capital will be NT\$148,333,782,820.
- (3) In order to execute this proposal, the annual general shareholders' meeting is proposed to authorize the following:
  - A. After this proposal is approved by the competent authority, the Board is authorized to set the ex-right date. 30 free shares will be distributed per one thousand shares based on the shareholding percentage recorded in the shareholders register on the ex-right date. If the stock dividends include any fractional shares which are less than one full share, the shareholders may go to the Company's stock agent to form one full share by pooling together of their fractional shares within 5 days after the ex-right date, otherwise the distribution will be made in the form of cash in a dollar amount. The Chairman is authorized to contact specific persons to subscribe remainder fractional shares at par value.
  - B. If the number of the outstanding shares is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend payout ratio, the Board is authorized to deal with relevant changes.
  - C. If this proposal requires adjustment due to changes in regulations, amendments approved by the competent authority, or amendments from changes in objective circumstances, the Board is authorized to make the necessary adjustments.
- (4) Rights and obligations of the newly issued shares are the same as the existing shares.
- (5) This proposal has been approved by the 39th meeting of the 8th term of Board of Directors held on April 23, 2024.

#### **RESOLUTION:**

**Agenda 2:** Amendment to the Company's Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

- (1) The company's Articles of Incorporation were established on December 19, 2001, and have been revised 15 times during this period. The latest amendment was approved by the shareholders' regular meeting on June 16, 2023.
- (2) In order to conform to our operational needs, it is proposed to amend Article 22 of the Company's Articles of Incorporation regarding audit system. The main points of the amendments are as follows :
  - A. In consideration of the fact that the audit units of other governmental financial holding companies do not have an official position as Deputy Chief Auditor, and that the board of directors of Mega Bank also approved the amendment of the organization rules in October, 2016, and canceled the position of Deputy Chief Auditor.
  - B. Considering the consistency of the audit system across this financial holding group, the company hereby proposes to adopt the audit regime of Mega Bank, whereby one Chief Auditor is appointed as the head of the head quarter's audit function, the title and its corresponding grade description of Deputy Chief Auditor are concurrently abolished.
  - C. Please refer to Attachment 7 for the comparison table and amended Articles of Incorporation. (see page 52 of this Handbook for details)
  - D. This proposal has been approved by the 39th meeting of the 8th term of Board of Directors held on April 23, 2024.

RESOLUTION:

**Agenda 3:** Amendment to the Company’s “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanation:

- (1) The company's "Procedures for Acquisition or Disposal of Assets" was made on June 6, 1992, and has been amended six times during the period. The latest amendment was adopted by the Annual Shareholders’ Meeting on June 17, 2011.
- (2) In conjunction with the "Corporate Governance 3.0-Sustainable Development Roadmap" and to promote the reporting of related party transactions in non-business activities in the shareholders' meeting, the Taiwan Stock Exchange added Article 11 of the Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises, whereby related party transactions approved by the board of directors by resolutions shall be reported to the annual shareholders' meeting following the end of the year, and the compliance of such transactions shall be listed as part of the corporate governance evaluation indicators. As such, the Company amended the Articles of Procedures for Acquisition and Disposal of Assets.
- (3) Key points of the amendment are as follows:
  - A. Article 13: Paragraph 2 is added, whereby for related party transactions listed in paragraph 1 of this article, the actual transaction status shall be reported to the latest shareholders' meeting after the end of the year.
  - B. Article 33: This is a new article to add the revision (amendment) process of these Articles.
- (4) Please refer to Attachment 8 for the comparison table and amended Procedures for Acquisition or Disposal of Assets (see page 65 of this Handbook for details).
- (5) This proposal has been approved by the 39th meeting of the 8th term of Board of Directors held on April 23, 2024.

RESOLUTION:

**Agenda 4:** The Election of the 9th Term Board of Directors. (Proposed by the Board of Directors)

Explanation:

- (1) The tenure of the Company's 8th term Board of Directors will expire on July 19, 2024. According to The Company Act, the Company proposes to elect board members at this Annual Meeting of Shareholders.
- (2) According to Article 19 of the Company's Articles of Incorporation, the Company shall have 15 to 21 directors, of which the number of independent directors shall not be less than three and shall not be less than 1/5 of the board seats. Directors shall be elected by means of the candidate nomination system.
- (3) As approved by the board meeting, the Company will elect 15 directors (including 5 independent directors) for the 9th term Board of Directors. The tenure of the 9th term Board of Directors shall be 3 years, commencing from June 21, 2024 to June 20, 2027. The director candidates nominated have been reviewed and approved by the 39th meeting of the 8th term Board of Directors on April 23, 2024. For candidates' profiles, please refer to Attachment 9 (p. 86).

No.	Position	Name	Representative of Legal Entity
1	Director	Chung-Dar Lei	Ministry of Finance, R.O.C.
2		Yu-Mei Hsiao	Ministry of Finance, R.O.C.
3		Po-Cheng Chen	Ministry of Finance, R.O.C.
4		Pei-Chun Chen	Ministry of Finance, R.O.C.
5		Yih-Juan Wu	Ministry of Finance, R.O.C.
6		Ing-Ren Lee	Ministry of Finance, R.O.C.
7		Keh-Her Shih	National Development Fund, Executive Yuan, R.O.C.
8		Yi-Hong Deng	National Development Fund, Executive Yuan, R.O.C.
9		Hong-Mo Wu	Chunghwa Post Co., Ltd.
10		Hui-Chuan Chen	Bank of Taiwan Co., Ltd
11	Independent Director	Ying Wu	—
12		Chang-Ching Lin	—
13		Hung-Ju Chen	—
14		Tsai-Jyh Chen	—
15		Yung-Chih Lien	—

RESOLUTION:

**Agenda 5:** Proposal of Releasing the Prohibition of the 9th Term Board of Directors from Participation in Competitive Business (Proposed by the Board of Directors)

Explanation:

- (1) In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) Certain directors, including juristic person and its representative, of the Company participate in the operations, or appoint representative to serve as director of another company that is engaged in the same or similar business as the Company. It is proposed that the shareholders' meeting releases the following directors from participation in competitive business during the tenure, according to Article 209 of the Company Act.

Position	Name of Director	Company	Concurrent Post
Juristic Person Shareholder	Ministry of Finance, R.O.C.	Taiwan Financial Holding Co., Ltd.	Director
		Land Bank of Taiwan Co., Ltd.	Director
		The Export-Import Bank of the Republic of China	Director
		Taiwan Cooperative Holding Co., Ltd.	Director
		First Financial Holding Co., Ltd.	Director
		Hua Nan Financial Holdings Co., Ltd.	Director
		Chang Hwa Commercial Bank, Ltd.	Director
		Taiwan Business Bank, Ltd.	Director
		Central Reinsurance Co., Ltd.	Director
Juristic Person shareholder	National Development Fund, Executive Yuan, R.O.C.	iPASS Corporation	Director
		Chang Hwa Commercial Bank, Ltd.	Director
		Taiwan Business Bank, Ltd.	Director
Juristic Person shareholder	Bank of Taiwan Co., Ltd.	First Financial Holding Co., Ltd.	Director
		Hua Nan Financial Holdings Co., Ltd	Director

		Taiwan Business Bank, Ltd.	Director
		Taiwan Fire & Marine Insurance Company	Director
		United Taiwan Bank S.A.	Director
		Taiwan Stock Exchange Corporation	Director
		Taipei Forex Inc.	Director
		Taiwan Futures Exchange Corporation	Director
		Taiwan Insurance Brokers Co., Ltd.	Director
		Financial eSolution Co., Ltd.	Director
		Taiwan Financial Asset Service Corporation	Director
		Taiyi Real-Estate Management Co., Ltd.	Director
		Taiwan Urban Regeneration & Financial Services Co., Ltd.	Director
Juristic Person shareholder	Chunghwa Post Co., Ltd.	Chang Hwa Commercial Bank, Ltd.	Director
Director	Chung-Dar Lei (Representative of the Ministry of Finance, R.O.C.)	Taipei Financial Center Corp.	Director
		Taiwan Asset Management Corporation	Director
		Taiwania Capital Management Corporation	Director
		Taiwania Capital Buffalo Fund Co., Ltd.	Supervisor
Director	Pei-Chun Chen (Representative of the Ministry of Finance, R.O.C.)	Taiwan Futures Exchange Corp.	Director
Director	Hong-Mo Wu (Representative of Chunghwa Post Co., Ltd.)	Chunghwa Post Co., Ltd.	Chairman

(3) This proposal has been approved by the 39th meeting of the 8th term of Board of Directors held on April. 23, 2024.

RESOLUTION:

## Questions and Motions

## **Attachment 1**

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

#### **2023 Business Report**

In 2023, the major economies around the world showed a steady move towards the recovery stage during the post-pandemic period. Under the background of rising interest rates by the central banks of various countries, global inflation started to ease, and the economy of the U.S. and some major emerging countries witnessed signs of growth, with major international organizations (IMF, OECD, The World Bank, and S&P Global) estimating the global economic growth rate falling in the range of 2.6% to 3.1% in 2023.

In 2023, the private consumption during the post-pandemic era in Taiwan saw a steady growth, which boosted the economic development. In addition, the active business opportunities arising from the application of artificial intelligence and other emerging technologies had improved export and investment confidence. According to the Directorate General of Budget, Accounting and Statistics, Executive Yuan, Taiwan's annual economic growth rate was 1.31%. Looking forward to 2024, with the use of artificial intelligence and cloud computing to boost relevant supply chain demands, and the continuous expansion of business opportunities arising from the application of emerging technologies, Taiwan's exports and private investments are expected to increase. In addition, the continuous improvement in the employment market, the increase in the basic wage and the salary adjustment for the military, public and education sectors will be conducive to the increase in the household disposable income and the steady growth in private consumption. Major international organizations predicted that the economic growth rate of Taiwan will range from 2.69% to 3.70% in 2024.

The Group continuously provides all-inclusive financial services and refines its ESG and digital transformation development. With the continuous improvement, the Company was again selected as a constituent of the global sustainability indexes - DJSI Emerging Markets Index and the World Index in 2023, and was recognized by the FSC as a member of the "Sustainable Financial Pioneers Alliance". In addition, we have also been recognized by a number of sustainability assessments at home and abroad, including being consistently selected as a CDP leadership level, being selected for the fourth time as one of the top 5% in the "Corporate Governance Assessment" jointly organized by the Taiwan Stock Exchange Corporation and the Taipei Exchange, receiving the "Platinum Award in the Sustainability Report Category" and the "Overall Performance Award" from the TCSA, receiving the "Healthy Workforce Sustainability Leading Enterprise - Outstanding Enterprise Award" from the Occupational Safety and Health Administration, MOL, and being awarded the highest level of certification of "Level 5+: Excellence" for the TCFD report by the BSI. Moreover, we also maintained the validity of ISO27001 Information Security Management System (ISMS) certification, which demonstrates the Company's commitment to and emphasis on information security, service quality, and the continuity of its information business and our



integration with the international information security management system.

Mega Bank has been deeply involved in the new southbound business and has been successful in lending to key national industries for a long period of time. In 2023, it was awarded the "Special Award for SMEs Credit" under the New Southbound Policy and the honor of outstanding bank for the "Six Core Strategic Industries Lending" by the FSC. Mega Securities continued to exert a positive impact, as shown by its inclusion in the Taiwan Stock Exchange Corporation's list of companies with "Better Institutional Investor Stewardship Disclosure" for three consecutive years. In addition to receiving high recognition for issuing Taiwan's first "Sustainability Index-Linked Commercial Paper", Mega Bills also won the "Social Inclusion Leadership Award" single performance award at the TCSA, making it the first bills company to win this honor.

In 2023, the Company's annual consolidated profit amounted to NT\$33,247 million, an increase of 81% from 2022, with an after-tax earnings per share of NT\$2.37. Among them, Mega Bank's profit amounted to NT\$31,025 million, an increase of 28% from 2022, due to an increase in core revenue and a rebound in financial operation revenue. Mega Securities' profit amounted to NT\$2,003 million, an increase of 232% from 2022, due to an increase in brokerage fee income and dealing income. In addition, the profit of Mega Funds, Mega Asset Management and Mega Venture Capital also achieved their annual budget targets. Mega Bills was still the leading brokerage firm in terms of annual profit despite the impact of rising capital costs due to interest rate hikes. Chung Kuo Insurance's core business achieved solid performance despite the impact of the pandemic insurance policy. The operational guidelines, 2023 implementation overview, implementation of business plans, implementation of budget, financial results and profitability analysis, and research and development of the Company in 2023 are shown below:

## **I. Operational Guidelines**

1. Secure existing business and diversify source of profits.
2. Strengthen overseas presence and cultivate customer service.
3. Fortify relations with institutional investors and increase information transparency.
4. Strengthen the Group's financial and taxation control and improve its financial resilience.
5. Monitor political, economic, and industrial changes and implement risk management mechanism.
6. Comply regulations and refine information security and strengthen resilience and safely implement transformation.
7. Implement information security management system and optimize the innovation of management services.
8. Promote the Group's legal compliance and forge a culture of legal compliance.
9. Create a friendly workplace and shape employee value.
10. Integrate ESG strategies to maximize the value of sustainability.
11. Establish corporate brand image and cultivate social influence.

## II. Implementation Overview

### (1) Continue to enhance the subsidiary's business

The subsidiaries of the Company had continued to enhance their business operations in 2023 based on the existing foundation. In 2023, in terms of overseas performance, Mega Bank's profit before tax of overseas branches ranked 4<sup>th</sup> among local banks; in terms of corporate finance business, the market share of syndicated loan Bookrunner and MLA were 11.1% and 7.6%, ranked 2<sup>nd</sup> and 4<sup>th</sup>, respectively; the credit business ranked 7<sup>th</sup> with a market share of 5.75%; the loan business ranked 8<sup>th</sup> with a market share of 5.58%; the corporate loan business ranked 5<sup>th</sup> with a market share of 6.21% ; and the SME loan business ranked 5<sup>th</sup> with a market share of 6.55%. As for consumer finance business, after making every effort to expand the business and expansion of the second profit engine, the consumer loan business ranked 13<sup>th</sup> with the market share of 3.42%. The market share of Mega Bills Finance's CP2 issuance was 29.81%; the market share of bills trading and bond trading business in the secondary market were 28.04% and 27.00%, respectively; and the market share of bills guarantee business was 30.37%, all ranked as the first place in the market. Mega Securities' securities brokerage market share was 2.75%, ranked 10<sup>th</sup> in the market. Number of IPO underwriting ranked 5<sup>th</sup> and number of bond underwriting lead managed ranked 10<sup>th</sup> in the market. The market share of Chung Kuo Insurance's marine insurance business was 21.76%, ranked 1<sup>st</sup> in the market; the market share of residential building fire insurance and aviation insurance business were 10.26% and 11.63% , both ranked 3<sup>rd</sup> in the market.

### (2) Management Goals

Despite the easing of global inflation and the end of interest rate hike cycle of central banks, the global economic and financial situation will continue to face the cumulative effect of geopolitical risks, supply chain restructuring, extreme climate risks and the monetary tightening by major central banks, resulting in weakened global economic recovery. The Company will continue to leverage on its various cross-subsidiary platforms, and refine its ESG and digital financial development, to continue to maximize shareholder value. The specific measures taken are as follows:

- Scale up capital assets to boost the market status of the Group.
- Strengthen overseas businesses and identify opportunities to relocated Taiwanese businesses.
- Consolidate competitive advantages in corporate banking and foreign exchange and deepen the cross-selling of the Group.
- Develop consumer banking and wealth management services to enrich the Group's active customer base.
- Increase corporate governance standards and pursue the Group's sustainable development.

- Improve the Group's management efficiency to optimize business operations and increase return.
- Reinforce the risk control of the Group and implement internal and external legal compliance.
- Protect the Group's intellectual properties and increase investment of digitalization and IT.
- Motivate and enhance employee value and foster more digital talents.
- Develop the Group's digital culture and encourages all types of R&D and innovations.

### III. Implementation of Business Plans

According to the Financial Holding Company Act, the business scope of a financial holding company shall be limited to investment in, and management of, its investee enterprises. At the end of 2023, the seven subsidiary companies, in which the Company has direct controlling interest, are Mega International Commercial Bank Co., Ltd. (Mega Bank), Mega Securities Co., Ltd. (Mega Securities), Mega Bills Finance Co., Ltd. (Mega Bill Finance), Chung Kuo Insurance Co., Ltd. (Chung Kuo Insurance), Mega International Investment Trust Co., Ltd., Mega Asset Management Co., Ltd., and Mega Venture Capital Co., Ltd. The operation results of our subsidiary companies are summarized as follows:

#### (1) Mega International Commercial Bank Co. Ltd.

Unit: NT\$ million, except foreign exchange business in US\$ million

Item \ Year	2023	2022	Change (%)
Deposits (including due to Chunghwa Post Co., Ltd.)	2,895,738	2,924,052	-0.97
Loans, Import/export bills negotiated	2,075,709	2,087,539	-0.57
Corporate financing	1,539,586	1,531,941	0.50
Consumers financing (excluding credit card revolving loans)	536,123	555,598	-3.51
Foreign exchange business	711,430	906,391	-21.51
Securities purchased	935,849	955,622	-2.07
Long-term equity investments	21,714	21,157	2.63
Credit card revolving loans	1,752	1,733	1.10

Note: 1. All figures above are in average yearly basis, except foreign exchange business as in aggregation basis.

2. The amount of foreign exchange business declined in 2023 due to the high base in 2022. Taiwan's overall import and export volumes decreased in 2022, causing the import and export business to decline.

3. The non-performing loans outstanding at the end of 2023 amounted to NT\$3,636 million, representing a non-performing loan ratio of 0.17% and a bad debt coverage ratio of 985%.

## (2) Mega Securities Co., Ltd.

Item		2023	2022	Change (%)
Securities brokerage	Market share of brokerage	2.75% (Rank 10 <sup>th</sup> )	2.82% (Rank 10 <sup>th</sup> )	-0.07
	Market share of margin loan	5.84% (Rank 4 <sup>th</sup> )	5.47% (Rank 4 <sup>th</sup> )	0.37
Equity underwriting	Number of IPO lead managed	4 (Rank 4 <sup>th</sup> )	4 (Rank 4 <sup>th</sup> )	0.00
Bond underwriting	Number of corporate bond issued as lead arranger	2 (Rank 9 <sup>th</sup> )	7 (Rank 4 <sup>th</sup> )	-71.43
	Amount of corporate bond issued as lead arranger (NT\$ billion)	10.7 (Rank 9 <sup>th</sup> )	12.1 (Rank 8 <sup>th</sup> )	-11.57
New financial products	Number of warrants issued	1,337 (Rank 11 <sup>th</sup> )	1,147 (Rank 13 <sup>th</sup> )	16.56
	Amount of warrants issued (NT\$ billion)	7.0 (Rank 12 <sup>th</sup> )	6.6 (Rank 13 <sup>th</sup> )	6.06

Note: 1. It is the ranking among local securities peers in 2023.

2. The decline of the brokerage business was because the proportion of natural person's transactions in 2023 was 66.43%, which was 0.73% lower than that in 2022, and the stock market was highly volatile. Most investors took a wait-and-see approach and reduced transactions.
3. The volume of bond underwriting business is determined by a comprehensive assessment of customers' demand and profitability. The decline in bond underwriting deals in 2023 compared with 2022 was due to changes in market interest rates, customer's capital needs and underwriting staffing.

## (3) Mega Bills Finance Co., Ltd.

Unit: NT\$ million

Item	2023	2022	Change (%)
Underwriting and purchasing of bills	4,093,282	3,565,920	14.79
Underwriting amount of commercial paper issued for funding purpose (CP2)	3,968,022	3,413,513	16.24
Trading volume of bills	9,706,070	8,528,043	13.81
Trading volume of bonds	3,458,158	3,242,713	6.64
Average outstanding balance of guaranteed issues of commercial paper	168,081	175,776	-4.38

Note: 1. The decrease of average outstanding balance of guaranteed issues of commercial paper in 2023 compared to 2022 is due to the decrease in statutory net worth compared with the previous year and the control of guaranteed balances.

2. The trading volume of bills in 2022 were originally compiled by the R.O.C. Bills Finance Association based on the reports of bills companies. The statistics included RP maturity amount. However, since April 2023, the announcement was changed to be made by the Taiwan Depository & Clearing Corporation, which did not include the RP maturity amount. Therefore, the 2022 data was revised for consistency in the basis of calculation.

**(4) Chung Kuo Insurance Co., Ltd.**

Unit: NT\$ million

Item	2023	2022	Change (%)
Direct written premiums	9,764	9,050	7.89
Reinsurance premiums	787	999	-21.22
Total	10,551	10,049	5.00

Note: The decline in reinsurance premiums in 2023 compared to 2022 was mainly due to the reduction in the acceptance ratio for contracts with concentrated risks, poor performance or higher exposure to natural disasters when renewing contracts at the end of 2022.

**(5) Mega International Investment Trust Co. Ltd.**

Unit: NT\$ million

Item	2023	2022	Change (%)
Public funds under management	91,554	79,731	14.83
Private placement funds under management	6,709	6,420	4.50
Discretionary account	399	465	-14.19
Total	98,662	86,616	13.91

Note: The increase in the scale of public funds under management in 2023 compared with 2022 was mainly due to the issuance of 4 new funds in 2023; the decrease in scale of discretionary account was due to the redemption for the client's capital needs.

**(6) Mega Asset Management Co., Ltd**

Unit: NT\$ million

Item	2023	2022	Change (%)
Service Income	352	454	-22.47
Gain from recovery of NPL purchased and the disposal of related collateral	59	23	156.52
Rental income	7	4	75.00
Interest income	1	1	0.00
Total	419	482	-13.07

- Note: 1. The decline in service income was mainly due to the net decrease in the balance of advances as a result of the successive consolidation of a number of large urban renewal/unsafe and old building cases, the full repayment upon the completion of construction, as well as the fact that the new advances from existing and new development cases could not be covered in a short period of time in 2023.
2. The increase in gain from recovery of NPL purchased and the disposal of related collateral was mainly due to the NT\$56,090 thousand allocated by the court in the case of non-performing assets of Tung X Co. Ltd.
3. The increase in rental income was mainly due to the leasing of the newly acquired real estate on Zhongshan North Road since September 2022, and the re-leasing of the real estate in Neihu District, which was originally suspended in March 2022, in October 2022 after internal renovations.

**(7) Mega Venture Capital Co., Ltd.**

Unit: NT\$ million

Item	2023	2022	Change (%)
Drawdown of long term equity investment	207	163	26.99
Balance of long term equity investment	848	832	1.92

**IV. Implementation of Budget**

(1) The Company's 2023 budget and its implementation are as follows:

Unit: NT\$ million, except EPS in NT\$

Item	Final accounting figure, 2023	Budget figure, 2023	Achievement Rate (%)
Revenues	34,064.60	27,839.39	122.36
Expenses and losses	903.79	966.87	93.48
Profit from continuing operations before tax	33,160.81	26,872.52	123.40
Profit	33,246.98	26,864.20	123.76
Earnings per share	2.37	1.83	129.51

Note: The figures are in unconsolidated basis.

(2) The Company's subsidiaries' 2023 budget and its implementation are as follows:

Unit: NT\$ million

Name of the subsidiary	Profit from continuing operations before tax		Achievement Rate (%)
	Actual	Budget	
Mega International Commercial Bank Co., Ltd.	35,290.38	26,875.30	131.31
Mega Securities Co., Ltd.	2,195.33	1,660.78	132.19
Mega Bills Finance Co., Ltd.	2,309.29	2,969.20	77.77
Chung Kuo Insurance Co., Ltd.	-2,670.84	275.54	—
Mega International Investment Trust Co., Ltd.	114.57	87.21	131.37
Mega Asset Management Co., Ltd.	240.50	237.54	101.25
Mega Venture Capital Co., Ltd.	220.02	56.77	387.56

Note: 1. The figures are in unconsolidated basis.

- The annual budget achievement rate of Mega Bill was 77.77% in 2023, which was mainly due to the fact that the FED raised interest rates four times for a total of 1% in 2023, and the foreign currency RP interest rate rose accordingly, which was much higher than the budget costs, resulting in a yielding loss. In addition, due to the severe fluctuations of bond market yield rate and the losses in the valuation of holding positions, Mega Bill was unable to realize the budgeted disposal benefits, resulting in the profit before tax not reaching the budget target.
- Chung Kuo Insurance suffered a loss in 2023, mainly due to the recognition of self-retained indemnities and provisions for the pandemic insurance policy, as well as an impairment loss on Hannover Rück reinsurance payments in 2023, resulting in the profit before tax not reaching the budget target.

## V. Financial Results and Profitability Analysis

The Company and its subsidiaries' consolidated profit from continuing operations before tax in 2023 amounts to NT\$37,048 million, an increase of NT\$15,904 million or 75.21% compared to 2022. The increase is mainly due to the below: net interest revenue decreased NT\$ 1,622 million; revenue other than interest increased NT\$22,894 million, which is contributed by the increase of gain on financial asset and liabilities at fair value through profit or loss and the increase of service fee revenue and commissions ; bad debts expense and provisions increased by NT\$ 1,541 million; operating expense increased by NT\$ 3,827 million. The Company and its subsidiaries' consolidated profit is NT\$ 33,247 million, an increase of NT\$14,912 million or 81.33%, compared to year 2022. The Company's consolidated ROA reached 0.79%, and consolidated ROE reached 10.46%. A breakdown of the financial results of the Company and its subsidiaries in 2023 are shown in the table below:

Unit: NT\$ million

Company	Profit from continuing operations before tax	Profit	Earnings per share (NT\$)	Return on assets (%)	Return on equity (%)
The Company & Its Subsidiaries (Consolidated)	37,047.97	33,246.98	2.37	0.79	10.46
The Company (Unconsolidated)	33,160.81	33,246.98	2.37	8.79	10.46
Mega International Commercial Bank Co., Ltd.	35,290.38	31,024.59	3.63	0.81	9.99
Mega Securities Co., Ltd.	2,195.33	2,002.61	1.73	2.78	11.04
Mega Bills Finance Co., Ltd.	2,309.29	1,920.23	1.46	0.73	5.07
Chung Kuo Insurance Co., Ltd.	-2,670.84	-1,466.87	-2.90	-5.85	-64.39
Mega International Investment Trust Co., Ltd.	114.57	93.15	1.77	9.87	10.65
Mega Asset Management Co., Ltd.	240.50	192.42	0.96	1.48	6.78
Mega Venture Capital Co., Ltd.	220.02	219.07	2.09	18.08	18.54

Note: 1. Return on assets = Profit / Average assets; Return on equity = Profit / Average equity.

2.Except for the consolidated financials of The Company & Its Subsidiaries, all financials are in unconsolidated basis.

## VI. Research and Development

The Company and its subsidiaries' research and development progress in 2023 are summarized as follows:

1. The Company continues to introduce the Group 's ESG and sustainability management systems by adopting the PCAF methodology for accounting and reporting GHG emissions linked to investments/financing and for setting SBTs. We also continue to measure and manage the climate change risks of emission-intensive industries, of customers in high climate risk areas, and of real estate as collaterals in different scenarios, and conduct impact identification and analysis of biodiversity (e.g., TNFD). Moreover, we continue to strengthen the information system, network structure and information security protection capabilities, maintain the validity of ISO 27001 certification, and keep abreast with international information security management systems.
2. To actively develop new financial products, keep up with the trends in the technological and digital transformation of banking services, and meet customers' expectations and needs with respect to digital services, Mega Bank has introduced and optimized the following new financial products and digital banking applications in 2023: introduction of the "FIDO" digital identity verification to solve the security concerns of customers' repeated input of accounts and passwords on different service platforms; implementation of the "travel ecosystem" service, to not only increase cross-business and cross-subsidiary business cooperation, but also facilitate cross-industry cooperation with travel platform operators; optimization of the "AIO All-inclusive Account Opening Integration Platform" function at the bank counter, and introduction of new functions such as trust financial management account opening and gold passbook account opening, in order to improve operational efficiency and enhance customer experience through the integration of the account opening process and digitization; launch of the functions of online application for increase in home mortgage and revolving loan renewal to enable existing customers to apply for loans online in a timely manner through the platform, and also to sign the contract and go through relevant confirmation procedures upon loan approval online, with no restriction of time and location; enhancement in online credit application services, which enables the Bank to check customers' latest annual income, property and labor insurance information through the Joint Credit Information Center through online authorization, effectively facilitating case review and optimizing customer experience; establishment of a credit investigation and review system to automatically process applications and filter out turn down cases through the system in order to reduce manual work and improve the approval process efficiency; Introduction of SIM card verification to bank card opening operations, thereby eliminating the need for card readers, enhancing customer service experience and strengthening the identity authentication mechanism. While Mega Bank is investing in Fintech research and development, it is also actively applying for Fintech patent protection. As of the end of 2023, a total of 627 utility model patents and a total of 133 invention patents had been approved



by the MOEA, totaling 760 patents, which ranked the highest among the government owned banks. In addition, a total of 39 utility model patents and 63 invention patents had been submitted for review.

3. Subsidiary Mega Securities was among the first batch of securities firms to provide open securities services when the Taiwan Depository & Clearing Corporation announced the official launch of the "Open Securities Public Information Inquiry" service in June 2023. In July, it launched the sub-account business and system. In addition, it developed the "E Stock Deposits" and "Mega GO" investment tool platforms, which won the "Best Product Category" award at the 2023 National Brand Yushan Award; completed the update of its new official website and set up a financial-friendly section, which is dedicated to providing physically and mentally challenged customers with warm and convenient services; issued Taiwan's first climate-related exchange traded note (ETN) – “Mega TPEx FactSet Semiconductor Climate Net Zero Preferred Return Index”.
4. Subsidiary Mega Bills has established the revised corporate department performance review system, optimized the "self-prepared financial statements" system, continued to strengthen the information system and internal operation efficiency, optimized the online learning platform system, strengthened the implementation and transaction monitoring of anti-money laundering and counter terrorism financing operations, established the legal and regulatory management system, integrated the periodic customer assessment information into the internal application system, continued to optimize the ESG risk assessment system, continued to improve the existing operational risk self-assessment system, and strengthened the risk management mechanism for various business operations.
5. To keep pace with diverse operating environment and FinTech development and to satisfy the needs of corporates and consumers, subsidiary Chung Kuo Insurance actively collected market information and built databases, combining FinTech applications and digital processes to simplify procedures and improve efficiency, and using data to analyze the market and consumer behavior to develop insurance products that are marketable, competitive, and profitable. There was a total of 185 insurance products submitted in 2023. Among them, there were 132 items on file for recordation basis, and 53 items on simple file for recordation basis.

Chairman: Chung-Dar Lei      President: Yu-Mei Hsiao      Chief-Accountant: Mei-Li Chao

## **Attachment 2**

### **Mega Financial Holding Co., Ltd. Audit Committee's Review Report**

The Board of Directors has prepared and delivered this Company's 2023 consolidated financial statements, audited by CPA Kou, Po-Ju and Lai, Chung-Hsi of PricewaterhouseCoopers, Taiwan, 2023 business report and the proposal for distribution of 2023 earnings. The above statements, report and proposal have been reviewed by the Audit Committee and considered in compliance with applicable laws and regulations. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

To:

2024 Annual General Shareholders' Meeting

Mega Financial Holding Co., Ltd.

Chairman of the Audit Committee: Wu, Ying

Date : April 23, 2024

## Attachment 3

### Mega Financial Holding Co., Ltd 2023 Corporate Bonds Terms

Type of Corporate Bond	1st Unsecured Corporate Bonds Issued in 2023-Tranche A	1st Unsecured Corporate Bonds Issued in 2023-Tranche B	1st Unsecured Corporate Bonds Issued in 2023-Tranche C
Issue Date	August 24, 2023		
Denomination	NT\$ 1 million		
Issuing and Transaction Place	Taipei Exchange		
Issue Price	100% of par value		
Issue Amount	NT\$ 1.2 billion	NT\$ 6.6 billion	NT\$ 2.2 billion
Coupon Rate	Fixed Rate 1.50%	Fixed Rate 1.60%	Fixed Rate 1.64%
Terms and Maturity Date	3 years August 24, 2026	5 years August 24, 2028	7 years August 24, 2030
Order of Compensation	Senior Unsecured Bond		
Guarantor	None		
Trustee	Taipei Fubon Commercial Bank, Trust Department		
Underwriter	Mega Securities Co., Ltd.		
Legal Counsel	Lawyer Yue, Chung-Chieh of Yue, Chung-Chieh Law Firm		
Auditor	CPA Kou, Po-Ju of PricewaterhouseCoopers, Taiwan		
Payment Method	One lump sum payment upon maturity		
Redemption or Early Repayment Terms	None		
Restrictive Covenants	None		
Whether included in Eligible Capital	No		
Name of Credit Rating Agency, Rating Date and Rating Result	None		

## **Attachment 4**

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

### **Principles for Ethical Management**

#### **Article 1 Purpose and Application**

The Principles for Ethical Management (the Principles) have been established by Mega Financial Holding Co., Ltd. (the Company) in order to strengthen the corporate culture of ethical management and sustainable business development.

The Company's subsidiaries, enterprises and other forms of legal entities, directly or indirectly controlled by the Company shall establish their own Principles for Ethical Management in line with the Principles, and obtain approval from the board of directors.

#### **Article 1-1 Responsible Unit**

The responsible unit for the Principles is the Administration Department.

#### **Article 2 Policies**

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

#### **Article 3 Legal Compliance**

The Company shall comply with the Financial Holding Company Act, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Act on Recusal of Public Servants Due to Conflicts of Interest, Government Procurement Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 4 Prevention Measures**

The Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant

laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, The Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

## **Article 5 Prohibition of Unethical Conduct**

When engaging in commercial activities, directors, managerial officers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.

## **Article 6 Benefits**

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in the preceding paragraph, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the Principles and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with commercial purposes, or developing relationships.

3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Company.

### **Article 7 Commitment and Implementation**

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify in its rules and external documents and on the Company website the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

### **Article 8 Ethical Business Activities**

The Company shall engage in commercial activities in a fair and transparent manner based on the Principles.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other business parties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other business parties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

### **Article 9 Prohibition of Bribery**

When conducting business, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to

or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

### **Article 10 Prohibition of Illegal Political Donations**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act, and shall not make such donations in exchange for commercial gains or business advantages.

### **Article 11 Prohibition of Improper Charitable Donations or Sponsorships**

When making or offering donations and sponsorship, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws, regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

### **Article 12 Prohibition of Illegitimate Gifts, Hospitality or Other Improper Benefits**

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offering or receiving of any illegitimate gifts, hospitality or other improper benefits to build a business relationship or affect business transactions.

### **Article 13 Procedures for Handling the Acceptance of Improper Benefits**

Except under any of the circumstances set forth in the second paragraph and the proviso of the first paragraph of the Article 6, when the Company and its directors, managerial officers, employees, mandataries, and substantial controllers are provided with or are promised, either directly or indirectly, any benefits as specified in Article 6 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being approved by the president.

#### **Article 14 Prohibition of Intellectual Property Infringement**

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

#### **Article 15 Prohibition of Unfair Competition**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### **Article 16 Prevention of Damaging the Interest of Stakeholders**

In the course of research and development, procurement, provision, or sale of products and services, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's



services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, suspend the services immediately.

### **Article 17 Business Legal Compliance**

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

### **Article 18 Conflicts of Interest**

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managerial officers and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

### **Article 19 Accounting and Internal Control**

For business activities with a higher risk of unethical behaviors, the Company shall establish an effective accounting system and internal control system, shall not have under-the-table accounting system or keep secret accounts, and shall conduct regular reviews to ensure continued effectiveness of the system's design and implementation.

The Company's internal audit unit shall audit the status of the implementation of the accounting and internal control system and submit its audit reports to the board of directors. The internal audit unit may engage a certified public accountant to carry out

the audit, and may engage professionals to assist if necessary.

## **Article 20 Organization and Responsibility**

The directors, managerial officers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of the Principles.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors at least once a year:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

## **Article 21 Training and Assessment**

The chairperson, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

## **Article 22 Whistle-blowing System**

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to all independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

Anonymous reporting will not be accepted in Principle, except that a concrete content or evidence is provided with investigation necessity.

When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately report to the board of directors, critical incident or maternal violation discovered in the investigation shall be reported or field with relevant authorities.

## **Article 23 Disciplinary and Appeal System**

The Company shall stipulate and promulgate the disciplinary and appeal system for violation of the ethical corporate management provisions and disclose on the Company's internal website violating individuals' title, name, date of violation, matter violated and handling status.

## **Article 24 Information Disclosure**

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its website, annual reports, and prospectuses, and disclose the contents of the Principles on the Market Observation Post System.

## **Article 25 Review and Revision of the Principles**

The Company shall monitor local and foreign developments of principles related to the ethical corporate management in a timely manner and encourage suggestions from directors, managerial officers, and employees for the improvement of the ethical corporate management policy and related measures and the enhancement to the effectiveness of implementation.

## **Article 26 Opinion of Independent Directors**

When the Principles are brought to the board of directors for discussion, consideration should be given to the independent directors' opinions. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

## **Article 27 Enforcement**

The Principles, and any amendments to them, shall enter into force after they have been adopted by the board of directors, and reported to a shareholders meeting.

## **Article 28 Process**

The Principles was made on March 25, 2014. The first amendment was on November 24, 2015. The second amendment was on October 22, 2019. The third amendment was on April 23, 2024.



## INDEPENDENT AUDITORS' REPORT

PWCR 23000205

To the Board of Directors and Shareholders of Mega Financial Holding Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Mega Financial Holding Co., Ltd. and subsidiaries (collectively the “Mega Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mega Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Public Held Bills Finance Companies, 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 Enterprises Engaging in Insurance and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements section* of our report. We are independent of the Mega 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.

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### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Mega Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Mega Group's 2023 consolidated financial statements are addressed as follows:

#### **Impairment assessment of loans discounted**

##### Description

The impairment assessment of loans discounted complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of impairment assessment of loans discounted, please refer to Note 4(9); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on loans discounted, please refer to Note 5(2). For information on gross loans discounted and allowance for bad debts, which amounted to \$2,169,518,741 thousand and \$36,176,730 thousand, respectively, as at December 31, 2023, please refer to Note 6(8); for disclosures of related credit risks, please refer to Note 8(3).

The subsidiary, Mega International Commercial Bank Co., Ltd. ("MICB"), assesses the impairment of its loans discounted based on the expected credit loss model. At each financial reporting date, financial instruments are categorized into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (i.e. stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (i.e. stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has impaired). The measurement of expected credit losses, which includes various parameters and assumptions, reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information.

The aforementioned impairment assessment of loans discounted, which involves various assumptions, estimates, and judgements, as well as predictions and assessments of future economic conditions and credit behavior of debtors. The amounts, recognized in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included the impairment assessment of loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter described above:

1. Obtained an understanding and assessed the related written policies and internal control system of MICB's loans discounted, the expected credit loss impairment model and methodology, and the approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested probability of default, loss given default, exposure at default, and the discount rate.
  - (1) Sampled and tested assumptions for the parameters of the expected credit loss model, including the historical data on probability of default, loss given default, and exposure at default.
  - (2) Sampled and tested whether the calculation method of the discount rate of loss given default is in accordance with existing policy.
5. Sampled and tested forward-looking information.
  - (1) Sampled and tested the data on macroeconomics (economic growth rate, annual inflation rate, etc.) adopted by management to measure expected credit losses under IFRS 9.
  - (2) Assessed the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were assessed individually. Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.
7. Assessed whether the provision for impairment loss is in compliance with the relevant regulations of the competent authority.



## **Fair value measurement of unlisted stocks without an active market**

### Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income), please refer to Note 4(7) ; for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(1); for details on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, please refer to Notes 6(3) and (4). The fair values of unlisted stocks without an active market were classified as financial assets at fair value through profit or loss amounting to \$8,833,656 thousand and financial assets at fair value through other comprehensive income amounting to \$20,518,988 thousand as at December 31, 2023.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management uses the market approach and net asset approach to measure the fair value. The market approach is based on the fair value of comparable listed companies in similar industries or recently published price-to-book ratios of industries in which the valuation target operates, and incorporates discounting according to market liquidity or specified risk.

The aforementioned fair value measurement involves various assumptions and significant inputs that are not observable. This leads to estimates that are highly uncertain and rely on the subjective judgement of management. Any changes to the judgements and estimates will affect the final measurement results, and in turn affect the financial condition of the Mega Group. Thus, we have included the fair value measurement of unlisted stock without active market as one of the key audit matters in our audit.

### How our audit addressed the matter

We performed the following audit procedures on the key audit matter described above:

1. Obtained an understanding and assessed the related written policies, internal control system, fair value measurement models, and approval process of the fair value measurement of stocks of unlisted companies.
2. Sampled and ascertained whether the measurement methodology used by the management is commonly used by the industry.
3. Sampled and assessed the reasonableness of similar and comparable companies used by management.
4. Sampled and examined inputs and calculation formulas used in the valuation models and agreed such data to the supporting documents.

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## **Claims reserve and ceded claims reserve**

### Description

For the accounting policy for claims reserve (including those prior to and after reinsurance), please refer to Notes 4(20)D and (26); for critical accounting judgements, estimates, and assumption uncertainty of claims reserve (including ceded reserves), please refer to Note 5(4); for details on claims reserve (and ceded reserves), please refer to Note 6(26).

The subsidiary, Chung Kuo Insurance Co., Ltd (CKI)'s claims reserve (including ceded reserve) uses the loss development triangle to estimate the reasonable amount of ultimate claims according to the Actuarial Department's historical claim experience and expenses by insurance type. As of December 31, 2023, subsidiary CKI's claims reserve and ceded claims reserve was \$4,926,671 thousand and \$2,162,698 thousand, respectively. Because the calculation method and assumptions for claims reserve involve the professional judgment of management, and because claims reserve is material to the financial statements, we have thus included the estimation of claims reserve and ceded claims reserve as one of the key audit matters in our audit.

### How our audit addressed the matter

We performed the following audit procedures on the key audit matter described above:

1. Obtained an understanding and assessed CKI's policies, internal controls and processing procedures for the calculation of the CKI's claims reserves (included ceded reserves). Also, on a sampling basis tested the effectiveness of internal controls for provisions.
2. Sampled and inspected whether there were differences between the numbers referred to claims reserves (including those prior to and after reinsurance) and carrying amount in order to confirm the accuracy and completeness.
3. Used the work of actuarial specialists to assists us in assessing the reasonableness of the claims reserves (including those prior to and after reinsurance). This included the following procedures:
  - (1) Sampled and inspected the reasonableness of method used in the estimation of claims reserves;
  - (2) Sampled and inspected how provision were calculated to ensure the accuracy of the CKI's contributed provision.
4. Sampled and inspected significant reported but not paid cases to assess the reasonableness of the estimated amount.

## **Impairment assessment of claims recoverable from reinsurers and due from reinsurers and ceding companies**

### Description

For the accounting policy of impairment assessment of claims recoverable from reinsurers and due from reinsurers and ceding companies, please refer to Note 4(26); for accounting estimates and assumption uncertainty of claims recoverable from reinsurers and due from reinsurers and ceding companies, please refer to Note 5(5); for details on claims recoverable from reinsurers and due from reinsurers and ceding companies, please refer Note 6(9).

CKI's impairment of claims recoverable from reinsurers and due from reinsurers and ceding companies is assessed by the risk control department in accordance with IFRS 4, 'Insurance contracts' and taken into consideration the relevant requirements under the Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises. The management primarily considered objective evidence and reasonable and supportable information about past events and current conditions and also took into consideration the relevant laws and regulations on provisions for allowance for bad debts to measure the provisions for impairment of claims recoverable from reinsurers and due from reinsurers and ceding companies. As of December 31, 2023, CKI's allowance for impairment of claims recoverable from reinsurers and due from reinsurers and ceding companies was \$2,504,894 thousand. Since the amount of impairment of claims recoverable from reinsurers and due from reinsurers and ceding companies was material and the calculation method and assumptions involve the professional judgment of management and contain a high degree of uncertainty, we have included the impairment assessment of claims recoverable from reinsurers and due from reinsurers and ceding companies as one of the key audit matters in our audit.

### How our audit addressed the matter

We performed the following audit procedures on the key audit matter described above:

1. Obtained an understanding and assessed CKI's policies, internal controls and processing procedures for the impairment assessment of claims recoverable from reinsurers and due from reinsurers and ceding companies. Also, on a sampling basis tested the effectiveness of internal controls for the calculation of impairment.
2. Sampled and inspected whether there were differences between the numbers referred to claims recoverable from reinsurers and due from reinsurers and ceding companies and the carrying amount in order to confirm the accuracy and completeness.



3. Obtained the information considered by the management to support the objective evidence of impairment and assessed the reasonableness of significant parameters such as the recovery ratio, ceded reinsurance ratio and credit rating of reinsurers.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bill Finance Companies, 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 Enterprises Engaging in Insurance, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Mega 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 Mega Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Mega 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mega 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 Mega 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 Mega 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Mega 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Kuo, Puo-Ju



Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of Republic of China, and their applications in practice.

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022  
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		(Reclassified) December 31, 2022		(Reclassified) January 1, 2022				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Assets											
Assets											
11000	Cash and cash equivalents, net	6(1)(2) and 11	\$	139,031,498	3	\$	88,545,616	2	\$	99,493,395	2
11500	Due from the Central Bank and call loans to banks, net	6(1)(2) and 11		552,414,511	13		441,782,413	11		482,667,108	12
12000	Financial assets at fair value through profit or loss	6(3), 11 and 12		228,463,860	5		204,901,889	5		202,834,657	5
12150	Financial assets at fair value through other comprehensive income	6(4), 11 and 12		557,265,509	13		524,826,590	13		543,790,346	13
12200	Investments in debt instruments at amortized cost, net	6(5) and 12		616,356,587	14		565,528,607	14		648,132,418	16
12500	Securities purchased under resell agreements			5,444,959	-		618,306	-		949,170	-
13000	Receivables, net	6(6)		92,724,481	2		86,258,656	2		96,630,962	2
13200	Current tax assets			15,357	-		329,712	-		331,977	-
13300	Assets classified as held for sale	6(7)		-	-		12,380	-		15,813	-
13500	Loans discounted, net	6(8) and 11		2,133,342,011	49		2,079,441,292	51		2,037,354,980	49
13700	Reinsurance contract assets, net	6(9)		13,846,853	-		16,592,224	1		4,990,018	-
15000	Investments accounted for using equity method	6(10)		5,774,751	-		4,938,289	-		5,449,161	-
15500	Other financial assets, net	6(11) and 12		6,347,532	-		7,673,288	-		6,095,575	-
18000	Investment property, net	6(14) and 12		2,023,611	-		1,542,390	-		1,341,321	-
18500	Property and equipment, net	6(15) and 12		22,044,685	1		21,779,506	1		21,670,526	1
18600	Right-of-use assets, net	6(12)		2,072,607	-		1,903,487	-		1,854,439	-
19000	Intangible assets, net			1,410,325	-		1,318,844	-		1,017,030	-
19300	Deferred income tax assets	6(41)		7,222,920	-		6,999,467	-		6,505,527	-
19500	Other assets, net	6(16) and 12		8,963,136	-		5,994,391	-		7,140,436	-
Total Assets			\$	4,394,765,193	100	\$	4,060,987,347	100	\$	4,168,264,859	100

(Continued)

**MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2023		(Reclassified) December 31, 2022		(Reclassified) January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Liabilities								
21000	Deposits from the Central Bank and banks	6(17)(18) and 11	\$ 634,098,237	14	\$ 417,271,579	10	\$ 404,651,718	10
21500	Due to the Central Bank and banks	6(17)(18)	2,870,805	-	3,250,380	-	27,288,973	1
22000	Financial liabilities at fair value through profit or loss	6(19)	25,587,296	1	21,447,467	1	19,344,092	1
22500	Securities sold under repurchase agreements	6(3)(4)(5)(20) and 11	282,478,905	6	252,342,653	6	225,056,762	5
22600	Commercial paper issued, net	6(21) and 11	40,385,793	1	22,637,681	1	32,917,848	1
23000	Payables	6(22)	97,890,226	2	73,475,048	2	84,963,858	2
23200	Current tax liabilities		10,532,725	-	10,752,028	-	12,298,301	-
23500	Deposits and remittances	6(23)	2,853,818,393	65	2,847,366,547	70	2,959,789,704	71
24000	Bonds payable	6(24)	30,500,000	1	20,000,000	1	6,000,000	-
24400	Other borrowings	6(25)	11,947,112	-	17,348,000	-	1,260,000	-
24600	Provisions	6(26)	29,133,623	1	33,053,040	1	29,941,604	1
25500	Other financial liabilities	6(27)	24,483,927	1	23,542,283	1	12,453,364	-
26000	Lease liabilities	6(12)	2,134,168	-	1,956,726	-	1,903,356	-
29300	Deferred income tax liabilities	6(41)	2,767,687	-	2,480,569	-	2,635,979	-
29500	Other liabilities	6(28)	10,325,208	-	14,253,893	-	19,360,417	-
Total Liabilities			4,058,954,105	92	3,761,177,894	93	3,839,865,976	92
Equity								
Equity attributable to owners of parent								
31100	Capital							
31101	Common stock	6(29)	140,513,382	3	139,398,196	3	135,998,240	3
31111	Advance receipts for capital stock	6(29)	1,391,394	-	-	-	-	-
31500	Capital surplus	6(29)	68,502,384	2	68,194,233	2	68,194,233	2
Retained earnings								
32001	Legal reserve	6(29)	47,670,164	1	45,976,579	1	43,343,934	1
32003	Special reserve	6(29)	16,163,964	-	2,538,952	-	2,538,952	-
32011	Unappropriated earnings	6(30)	58,426,861	1	59,027,089	1	67,163,598	2
Other equity interest								
32500	Other equity interest	6(31)	3,142,939	1	(15,325,596)	-	11,159,926	-
Total Equity			335,811,088	8	299,809,453	7	328,398,883	8
TOTAL LIABILITIES AND EQUITY								
			\$ 4,394,765,193	100	\$ 4,060,987,347	100	\$ 4,168,264,859	100

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31				Changes Percentage (%)	
		2023		2022			
	Items	Notes	AMOUNT	%	AMOUNT	%	
41000	Interest income	6(32) and 11	\$ 117,567,630	152	\$ 69,936,167	125	68
51000	Less: interest expense	6(32) and 11	( 81,506,053)	( 105)	( 32,253,073)	( 58)	153
	Net interest revenue		<u>36,061,577</u>	<u>47</u>	<u>37,683,094</u>	<u>67</u>	( 4)
	Net revenue other than interest						
49800	Net service fee revenue and commissions	6(33)	11,363,742	15	10,335,499	19	10
49810	Net insurance revenue		( 644,882)	( 1)	( 5,811,266)	( 10)	( 89)
49820	Gain on financial assets and liabilities at fair value through profit or loss	6(34) and 11	24,070,387	31	6,121,167	11	293
49825	Gain on investment property	6(14)	22,370	-	21,378	-	5
49835	Realized gain on financial assets at fair value through other comprehensive income	6(35)	2,735,588	3	3,563,995	6	( 24)
49850	Gain (loss) arising from derecognition of financial assets measured at amortized cost	6(5)(8) and 8	2	-	( 38,867)	-	( 100)
49870	Foreign exchange gains		2,529,540	3	2,789,496	5	( 9)
49890	Share of loss of associates and joint ventures accounted for using equity method	6(10)	( 78,454)	-	( 127,282)	-	( 38)
49898	Gain on reclassification under the overlay approach	6(31)	1,948	-	5,502	-	( 65)
49900	Net other revenue other than interest income	6(37)	1,340,640	2	1,367,072	2	( 2)
49880	Reversal of impairment loss (impairment loss) on assets	6(36)	( 80,538)	-	( 139,865)	-	( 158)
	Net revenue		<u>77,321,920</u>	<u>100</u>	<u>56,049,653</u>	<u>100</u>	<u>38</u>
58100	Bad debts expense, commitment and guarantee liability provision	6(6)(8)(9)(11)(26) and 8(3)	( 9,114,960)	( 12)	( 2,876,572)	( 5)	217
58300	Net change in provisions for insurance liabilities	6(26)	2,339,213	3	( 2,357,830)	( 4)	( 199)
	Operating expenses						
58501	Employee benefit expenses	6(38)	( 21,787,288)	( 28)	( 19,586,824)	( 35)	11
58503	Depreciation and amortization expenses	6(39)	( 2,394,946)	( 3)	( 2,251,673)	( 4)	6
58599	Other general and administrative expenses	6(40)	( 9,315,974)	( 12)	( 7,832,453)	( 14)	19
	Total operating expenses		<u>( 33,498,208)</u>	<u>( 43)</u>	<u>( 29,670,950)</u>	<u>( 53)</u>	<u>13</u>
61000	Profit from continuing operations before tax		37,047,965	48	21,144,301	38	75
61003	Income tax expense	6(41)	( 3,800,988)	( 5)	( 2,809,343)	( 5)	35
69000	Net profit		\$ 33,246,977	43	\$ 18,334,958	33	81

(Continued)



MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				Changes Percentage (%)	
		2023		2022			
		AMOUNT	%	AMOUNT	%		
<b>Components of other comprehensive income that will not be reclassified to profit or loss, net of tax</b>							
69561	(Loss) gain on remeasurement of defined benefit plan	6(26)	( \$ 1,244,307) (	2) \$ 2,033,496	3 (	161)	
69563	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(10)(31)					
69567	Revaluation gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	6(31)	12,406	- (	12,896)	- (	196)
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(41)	13,775,733	18 (	6,167,416) (	11) (	323)
			248,861	- (	406,699) (	1) (	161)
<b>Components of other comprehensive income that will be reclassified to profit or loss, net of tax</b>							
69571	Exchange differences on translation	6(31)	129,882	-	2,889,689	5 (	96)
69575	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(10)(31)					
69585	Revaluation gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(31)	319,760	1 (	154,098)	- (	308)
69587	Impairment loss (reversal of impairment loss) from investments in debt instruments measured at fair value through other comprehensive income	6(31)	5,413,166	7 (	26,931,923) (	48) (	120)
69590	Other comprehensive loss on reclassification under the overlay approach	6(31)	51,080	- (	102,741)	- (	150)
69579	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)(41)	( 1,948)	- (	5,502)	- (	65)
69500	<b>Other comprehensive income (loss)</b>		( 364,144)	-	973,456	2 (	137)
69700	<b>Total comprehensive income (loss)</b>		18,340,489	24	( 27,884,634) (	50) (	166)
	Profit attributable to:		<u>\$ 51,587,466</u>	<u>67</u>	( <u>\$ 9,549,676</u> ) (	<u>17</u> ) (	640)
69901	Owners of parent		<u>\$ 33,246,977</u>	<u>43</u>	<u>\$ 18,334,958</u>	<u>33</u>	81
	Comprehensive income (loss) attributable to:						
69951	Owners of parent		<u>\$ 51,587,466</u>	<u>67</u>	( <u>\$ 9,549,676</u> ) (	<u>17</u> ) (	640)
70000	Earnings per share						
	Basic and diluted earnings per share (in dollars)	6(42)	\$ 2.37	\$	1.30		

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Capital			Retained Earnings			Other equity interest				
								Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other comprehensive income (loss) on reclassification using overlay approach	Other equity interest	Total equity
	Notes	Common stock	Advance receipts for capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					
<u>For the year ended December 31, 2022</u>												
Equity at beginning of year		\$ 135,998,240	\$ -	\$ 68,194,233	\$ 43,343,934	\$ 2,538,952	\$ 67,163,598	(\$ 5,266,197 )	\$ 16,413,561	\$ 7,151	\$ 5,411	\$ 328,398,883
Profit		-	-	-	-	-	18,334,958	-	-	-	-	18,334,958
Other comprehensive income (loss)	6(31)	-	-	-	-	-	1,626,797	2,900,155	( 32,383,140 )	( 5,502 )	( 22,944 )	( 27,884,634 )
Total comprehensive income (loss)		-	-	-	-	-	19,961,755	2,900,155	( 32,383,140 )	( 5,502 )	( 22,944 )	( 9,549,676 )
Earnings distribution for 2021												
Legal reserve	6(30)	-	-	-	2,632,645	-	( 2,632,645 )	-	-	-	-	-
Cash dividends	6(30)	-	-	-	-	-	( 19,039,754 )	-	-	-	-	( 19,039,754 )
Stock dividends	6(30)	3,399,956	-	-	-	-	( 3,399,956 )	-	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(4)	-	-	-	-	-	( 3,025,909 )	-	3,025,909	-	-	-
Equity at end of year		<u>\$ 139,398,196</u>	<u>\$ -</u>	<u>\$ 68,194,233</u>	<u>\$ 45,976,579</u>	<u>\$ 2,538,952</u>	<u>\$ 59,027,089</u>	<u>(\$ 2,366,042 )</u>	<u>(\$ 12,943,670 )</u>	<u>\$ 1,649</u>	<u>(\$ 17,533 )</u>	<u>\$ 299,809,453</u>
<u>For the year ended December 31, 2023</u>												
Equity at beginning of year		\$ 139,398,196	\$ -	\$ 68,194,233	\$ 45,976,579	\$ 2,538,952	\$ 59,027,089	(\$ 2,366,042 )	(\$ 12,943,670 )	\$ 1,649	(\$ 17,533 )	\$ 299,809,453
Profit		-	-	-	-	-	33,246,977	-	-	-	-	33,246,977
Other comprehensive income (loss)	6(31)	-	-	-	-	-	( 995,446 )	138,417	19,197,030	( 1,948 )	2,436	18,340,489
Total comprehensive income (loss)		-	-	-	-	-	32,251,531	138,417	19,197,030	( 1,948 )	2,436	51,587,466
Earnings distribution for 2022												
Legal reserve	6(30)	-	-	-	1,693,585	-	( 1,693,585 )	-	-	-	-	-
Special reserve	6(30)	-	-	-	-	13,625,012	( 13,625,012 )	-	-	-	-	-
Cash dividends	6(30)	-	-	-	-	-	( 17,285,376 )	-	-	-	-	( 17,285,376 )
Stock dividends	6(30)	1,115,186	-	-	-	-	( 1,115,186 )	-	-	-	-	-
Issue of shares	6(29)	-	1,391,394	-	-	-	-	-	-	-	-	1,391,394
Share-based payments	6(29)	-	-	308,151	-	-	-	-	-	-	-	308,151
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(4)	-	-	-	-	-	867,400	-	( 867,400 )	-	-	-
Equity at end of year		<u>\$ 140,513,382</u>	<u>\$ 1,391,394</u>	<u>\$ 68,502,384</u>	<u>\$ 47,670,164</u>	<u>\$ 16,163,964</u>	<u>\$ 58,426,861</u>	<u>(\$ 2,227,625 )</u>	<u>\$ 5,385,960</u>	<u>(\$ 299 )</u>	<u>(\$ 15,097 )</u>	<u>\$ 335,811,088</u>

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022(Reclassified)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 37,047,965	\$ 21,144,301
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(39)	1,638,778	1,605,544
Amortization expense	6(39)	756,168	646,129
Bad debts expense, commitment and guarantee liability provision		9,114,960	2,876,572
Interest expense	6(32)	81,506,053	32,253,073
Interest income	6(32)	( 117,567,630 )	( 69,936,167 )
Dividend income	6(34)(35)	( 3,574,438 )	( 4,308,202 )
Net change in provisions for insurance liabilities		( 2,339,213 )	2,357,830
Share-based payment transaction	6(29)	302,219	-
Share of loss of associates and joint ventures accounted for using equity method	6(10)	78,454	127,282
Gain on disposal of property and equipment	6(37)	( 30,106 )	( 834 )
Gain on disposal of assets classified as held for sale	6(8)	( 100,888 )	-
Impairment loss (reversal of impairment loss) on assets	6(36)	80,538	( 139,865 )
Profit reclassified by applying overlay approach		( 1,948 )	( 5,502 )
Changes in operating assets and liabilities			
Changes in operating assets			
(Increase) decrease in due from Central Bank and call loans to other banks		( 140,919,312 )	78,959,678
Increase in financial assets at fair value through profit or loss		( 23,561,971 )	( 2,067,232 )
Increase in financial assets at fair value through other comprehensive income		( 13,301,100 )	( 14,032,842 )
(Increase) decrease in investments in debt instruments measured at amortized cost		( 50,858,808 )	82,630,934
(Increase) decrease in receivables		( 5,075,039 )	15,035,229
Increase in discounts and loans		( 60,757,805 )	( 44,977,291 )
Decrease (increase) in reinsurance contract assets		2,745,371	( 11,602,206 )
Decrease (increase) in other financial assets		1,322,194	( 1,574,933 )
(Increase) decrease in other assets		( 2,980,952 )	1,235,637
Changes in operating liabilities			
Increase in deposits from the Central Bank and banks		216,826,658	12,619,861
Increase in financial liabilities at fair value through profit or loss		4,139,829	2,103,375
Increase in bills and bonds purchased under resale agreements		30,136,252	27,285,891
Increase (decrease) in payables		17,553,043	( 16,690,288 )
Increase (decrease) in deposits and remittances		6,451,846	( 112,423,157 )
Increase in other financial liabilities		941,644	11,088,919
(Decrease) increase in liabilities reserve		( 2,861,706 )	2,928,302
Increase (decrease) increase in other liabilities		1,413,621	( 7,353,413 )
Cash (outflow) inflow generated from operations		( 11,875,323 )	9,786,625
Interest received		113,978,441	65,166,608
Cash dividend received		3,647,732	4,480,409
Interest paid		( 76,446,644 )	( 29,029,347 )
Income tax paid		( 3,757,554 )	( 4,435,944 )
Net cash flows from operating activities		25,546,652	45,968,351

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022(Reclassified)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method		( \$ 755,563 )	\$ -
Proceeds from capital reduction of investments accounted for using equity method		69,844	43,350
Proceeds from disposal of assets classified as held for sale	6(8)	113,268	-
Acquisition of property and equipment	6(15)	( 1,351,894 )	( 1,225,806 )
Proceeds from disposal of property and equipment		46,331	1,257
Acquisition of intangible assets		( 822,385 )	( 1,021,684 )
Acquisition of investment properties	6(14)	( 489,109 )	( 105,295 )
Net cash flows used in investing activities		( 3,189,508 )	( 2,308,178 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in due to the Central Bank and banks		( 379,575 )	( 24,038,593 )
Increase (decrease) in commercial papers payable	6(43)	17,770,000	( 10,264,000 )
Proceeds from issuing bonds	6(43)	10,000,000	-
Proceeds from issuing bank notes payable	6(43)	1,500,000	14,000,000
Repayments of bank notes payable	6(43)	( 1,000,000 )	-
(Decrease) increase in other borrowings	6(43)	( 5,400,888 )	16,088,000
(Decrease) increase in guarantee deposits received		( 5,340,763 )	2,210,151
Proceeds from issuing shares	6(29)	1,391,394	-
Payment of lease liabilities	6(43)	( 695,541 )	( 564,246 )
Cash dividends paid		( 15,504,538 )	( 17,078,169 )
Net cash flows from (used in) financing activities		2,340,089	( 19,646,857 )
Effect of exchange rate changes		328,062	2,782,483
Net increase in cash and cash equivalents, net		25,025,295	26,795,799
Cash and cash equivalents, net at beginning of year		435,380,396	408,584,597
Cash and cash equivalents, net at end of year		<u>\$ 460,405,691</u>	<u>\$ 435,380,396</u>
The components of cash and cash equivalents			
Cash and cash equivalents reported in the balance sheet	6(1)	\$ 139,031,498	\$ 88,545,616
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	6(2)	315,929,234	346,216,474
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7		5,444,959	618,306
Cash and cash equivalents at end of year		<u>\$ 460,405,691</u>	<u>\$ 435,380,396</u>

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

**Attachment 6**

Mega Financial Holding Co., Ltd.  
Earnings Distribution Statement  
Year 2023

Unit : NT\$

Items	Amount
<b>Beginning undistributed retained earnings in 2023</b>	<b>25,307,930,504</b>
Net profit after income tax in 2023	33,246,977,273
Add : Gain on disposal of investments in equity instruments measured at fair value through other comprehensive income	867,399,602
Add : Reversal of special reserve for first-time adoption of TIFRS	2,586,853
Less : Remeasurements of defined benefit plans	(995,445,434)
<b>2023 distributable earnings</b>	<b>33,121,518,294</b>
Less : 10% legal reserve	(3,312,151,829)
Add : Reversal of special reserve for other equity reduction	13,625,011,623
<b>Total distributable earnings</b>	<b>68,742,308,592</b>
Less : Distribution item	
Cash dividends to shareholders (NT\$1.5 per share)	(21,602,007,207)
Stock dividends to shareholders (NT\$0.3 per share)	(4,320,401,440)
<b>Distribution amount</b>	<b>(25,922,408,647)</b>
<b>Unappropriated retained earnings</b>	<b>42,819,899,945</b>
<p>Note1 : The 2023 distributable earnings shall be distributed as a priority.</p> <p>Note2 : The amount of cash dividend per share shall be calculated and truncated to NT\$1. The sum of all cash dividends less than NT\$1 shall be allocated in line with a progressive decrease in decimal numbers and a progressive increase in shareholders' ID number so that the total dividend distribution is fully paid.</p>	

## Attachment 7

### Mega Financial Holding Co., Ltd.

#### The Comparison Table of Amended Articles of Incorporation

Amended Article	Current Article	Explanation
<b>ARTICLE 22</b> The <u>Board of Directors'</u> Auditing Department organized under the Board of Directors, consists of one Chief Auditor <u>and</u> Auditors, handling internal auditing and related matters. Divisions can be set up in need to engage in different business.	<b>ARTICLE 22</b> The Auditing Department organized under the Board of Directors, consists of one Chief Auditor, <u>one Deputy Chief Auditor, Auditors and staffs,</u> handling internal auditing and related matters. Divisions can be set up in need to engage in different business. <u>The Chief Auditor is ranking the same as Executive Vice President and the Deputy Chief Auditor is ranking the same as Senior Vice President or Vice President of the Company.</u>	<ol style="list-style-type: none"> <li>1. In consideration of the fact that the audit units of other governmental financial holding companies do not have an official position as Deputy Chief Auditor, and that the board of directors of Mega Bank also approved the amendment of the organization rules in October, 2016, and canceled the position of Deputy Chief Auditor.</li> <li>2. Considering the consistency of the audit system across this financial holding group, the company hereby proposes to adopt the audit regime of Mega Bank, whereby one Chief Auditor is appointed as the head of the head quarter's audit function, the title and its corresponding grade description of Deputy Chief Auditor are concurrently abolished.</li> </ol>
<b>ARTICLE 33</b> These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002,	<b>ARTICLE 33</b> These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made	Add revision date.

<p>the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, the twelfth amendment was made on June 24, 2016, the thirteenth amendment was made on June 21, 2019, the fourteenth amendment was made on June 17, 2022, the fifteenth amendment was made on June 16, 2023, <u>the sixteenth amendment was made on June 21, 2024.</u></p>	<p>on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, the twelfth amendment was made on June 24, 2016, <u>and</u> the thirteenth amendment was made on June 21, 2019, <u>and</u> the fourteenth amendment was made on June 17, 2022, <u>and</u> the fifteenth amendment was made on June 16, 2023.</p>	
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# **Mega Financial Holding Company Limited**

## **Articles of Incorporation (Draft amendment)**

### **CHAPTER I**

#### **GENERAL PROVISIONS**

#### **ARTICLE 1**

The Company is organized under the Financial Holding Company Act and the Company Act, and its name shall be 兆豐金融控股股份有限公司 in the Chinese language, and Mega Financial Holding Company Limited (hereinafter referred to as the "Company") in the English language to enhance the economic scale, achieve synergy of the financial holding company and promote the development of the financial market.

#### **ARTICLE 2**

The Company shall establish its head office at Taipei, Taiwan, the Republic of China and may set up branch offices as deemed necessary for its business operations.

The establishment, dissolution and change of status of branches as referred to in the preceding Paragraph shall be executed pursuant to the resolutions to be adopted by the Board of Directors.

### **CHAPTER II**

#### **SCOPE OF BUSINESS**

#### **ARTICLE 3**

The scope of business of the Company shall be financial holding company (business code H801011).

#### **ARTICLE 4**

The Company shall engage in the following business:

1. To invest in the following industry:

- (1) financial holding company;
- (2) banks;
- (3) bills finance company;
- (4) credit card company;
- (5) trust company;
- (6) insurance company;
- (7) securities company;
- (8) futures company;
- (9) venture capital company;



- (10) foreign financial company approved by the competent authority; and
- (11) other financial related company recognized by the competent authority
- 2. To manage the investment of the aforesaid company invested
- 3. To apply to the competent authority to invest in industry not specified in the first Paragraph of this Article but not involved in the operation of the company invested
- 4. To conduct other business approved by the competent authority

## **ARTICLE 5**

The Company is a professional investment company. The total amount of investments made by the Company may exceed forty percent of the amount of its own paid-up capital without being subject to the requirement set out in Paragraph 2, Article 13 of the Company Act.

## **CHAPTER III CAPITAL STOCK**

## **ARTICLE 6**

The total authorized capital of the Company is two hundred twenty billion New Taiwan Dollars (NT\$220,000,000,000), divided into twenty two billion (22,000,000,000) shares at par value of ten New Taiwan Dollars (NT\$10.00) per share. The shares are issued in installments, and part of the shares may be preferred shares.

When the Company issues new shares, employees meeting certain specific requirements, of the subsidiaries are entitled to subscribe new shares reserved for subscription by employees in accordance with applicable laws.

## **ARTICLE 6-1**

The rights, obligations and other important issuance terms of preferred shares of the Company are as follows:

- I. The Company's annual earnings are first subject to taxation and reimbursement of previous years' losses, in accordance with laws. A legal reserve shall also be set aside in accordance with laws. Then, a special reserve shall be set aside or reversed in accordance with laws or actual needs. Remaining earnings, if any, may be distributed first to the dividends of preferred shares as the respective year's dividends.
- II. The dividend rate of preferred shares is limited to 8% per annum on issue price, and the dividends will be distributed annually in cash. After the financial statements have been approved by the general shareholders' meeting, the Board of Directors will determine the record date to pay the distributable dividends of the previous year. In the year of issuance and redemption, the distribution of payable dividends is calculated based on the actual number of days preferred shares remained outstanding in that year.
- III. The Company has solo discretion over the distribution of dividends of preferred shares.

The Company may resolve not to distribute dividends of preferred shares if there are no earnings or earnings insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio fall below than the minimum requirement stipulated by laws or competent authority or other necessary consideration. The shareholders of preferred shares shall not object to the decision. If the preferred shares issued are non-cumulative, the undistributed dividends or the deficit of dividends will not be cumulated for deferred payment in the subsequent years with earnings.

- IV. Except for the dividends prescribed in Subparagraph 2 of this Paragraph, preferred shares are not eligible for the dividend entitlements of common shares, including cash or stock dividends derived from earnings or capital reserves.
- V. In terms of allocation priority on the residual property of the Company, the preferred shares shall have a higher priority than common shares. The different types of preferred shares of the Company shall rank *pari passu* and the payment shall not exceed the issue amount.
- VI. The shareholders of preferred shares do not have voting rights or election rights at the general shareholders' meeting. However, they have voting rights at preferred shareholders' meeting or at the general shareholders' meeting with respect to the rights and obligations of the shareholders of preferred shares.
- VII. Preferred shares shall not be converted to common shares, and the shareholders of preferred shares do not have the rights to request the Company to buy back their preferred shares.
- VIII. If the Company issue perpetual preferred shares, the Company may redeem all or a portion of preferred shares anytime on the next day after 7 years of issuance on issue price. The remaining preferred shares shall remain the rights and obligations of issuance terms prescribed in this Article. In the year of redemption, the dividends shall be calculated based on the actual number of days if the general shareholders' meeting decides to distribute dividends.
- IX. If the Company issue non-perpetual preferred shares, the issuance period shall not be shorter than 7 years. Upon expiry date of the issuance period or on the next day after 5 years of issuance, the Company may, pursuant to the issue price and relevant issuance terms, redeem such shares in cash, or redeem such shares in other manners permissible by laws. If the Company cannot redeem all or a portion of the preferred shares due to objective factors or force majeure by that time, the rights of the remaining preferred shares shall remain the issuance terms until fully redemption by the Company.

The Board of Directors is authorized to determine the name, issuance date and terms of preferred shares in accordance with market conditions and investors' expectation, in accordance with the Articles and laws and regulations.

## **ARTICLE 7**

Prior to the reunification of the country, all shares held by shareholders in mainland China are treated as reserved shares according to the law. Such reserved shares are not entitled to vote at any shareholders' meeting of the Company, and the number of such reserved shares is not counted in the total number of the issued and outstanding shares of the Company.

## **ARTICLE 8**

All share certificates of the Company shall indicate thereon the name of the shareholder thereof.

For the shares to be issued by the Company, the Company may be exempted from printing any share certificate for the share issued, while the Company shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

## **ARTICLE 9**

Each of the shareholders shall submit to the shareholders' registrar retained by the Company his/her/its seal specimen card. Shareholders applying to the shareholders' registrar retained by the Company for processing of share matters or exercise of shareholders' rights in writing should sign or affix the seal as shown in the specimen card.

The shareholders' registrar referred to in the preceding Paragraph shall provide the relevant information of the shareholders upon the Company's request.

## **ARTICLE 10**

Any juristic person or a government agency shareholder may be elected as a Director; provided, however, that it shall appoint a natural person to act on its behalf.

## **ARTICLE 11**

Share registrar matters shall be handled pursuant to the Guidelines Governing Share Registrar Matters of Public Companies, as promulgated by the competent authority, and other relevant laws and regulations.

# **CHAPTER IV MEETINGS OF SHAREHOLDERS**

## **ARTICLE 12**

The meeting of shareholders shall be convened by the Board of Directors unless the Company Act shall require otherwise.

The shareholders' meetings are of the following two kinds:

1. Regular meetings of the shareholders: to be convened at least once a year; and

2. Special meetings of the shareholders: to be convened whenever necessary.

Regular meetings of the shareholders shall be convened within six months after the close of each fiscal year.

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

#### **ARTICLE 12-1**

The company convened shareholders meetings, they shall convene a virtual shareholders meeting or other methods disclosed by competent authority.

The company convened a virtual shareholders meeting, they should comply with other laws and Mega Financial Holding Company Rules of Procedures for Shareholders' Meetings.

#### **ARTICLE 13**

The entries in the shareholders' book shall be closed in a period from 60 days prior to the convening date of a regular shareholders' meeting, from 30 days prior to the convening date of a special shareholders' meeting, or from 5 days prior to the record date set by the Company for distribution of dividends, bonus or other benefits.

#### **ARTICLE 14**

A shareholder who is unable to attend a shareholders' meeting may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

When the government or a juristic person is a shareholder, its proxy shall not be limited to one person.

#### **ARTICLE 15**

Unless otherwise required by laws and regulations, each share holding by the shareholders shall have one vote.

A shareholder who has conflict of interest in the matter under discussion at a shareholders' meeting, which will likely impair the interest of the Company, shall not vote nor exercise the voting right on behalf of other shareholders.

#### **ARTICLE 16**

A written notice to convene a regular meeting of shareholders shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. In case of a special

meeting of shareholders, a meeting notice shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The agenda of a meeting of shareholders shall be stated in the meeting notice to be sent to shareholders. A public notice to shareholders holding less than 1000 shares may be placed instead of a written notice.

The aforesaid agenda of a meeting may be proposed by "extemporary motions"; provided, however, that matters which shall be stated in the meeting notice in accordance with relevant laws and regulations may not be proposed by "extemporary motions".

The first Paragraph of this Article shall not apply to the situation where the meeting of shareholders resolves to postpone or reconvene the meeting within five days.

#### **ARTICLE 17**

Unless otherwise required by law, resolutions of the shareholders' meeting shall be adopted by a majority of the issued shares held by the shareholders present at the meeting (quorum), and a majority of shareholders present at the meeting vote for such resolution.

#### **ARTICLE 18**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the meeting. The distribution of the minutes of shareholders' meeting may be made by means of public announcement. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the proxies shall be kept by the Company for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the above documents shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

### **CHAPTER V BOARD OF DIRECTORS**

#### **ARTICLE 19**

The Company shall have a Board of Directors composed of fifteen to twenty one Directors. Starting from 2013, the candidate nomination system is adopted for directors; the shareholders shall elect directors from a list of the candidates. The term of office of a director is three years, and may be eligible for re-election.

Among the directors prescribed in the preceding Paragraph, at least five independent

directors and a number of independent directors no less than 1/3 of the board seats shall be included.

The independent directors' professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other compliance requirements shall be handled in accordance with the relevant laws and regulations.

The remuneration of the independent directors of the Company shall be determined by the Board, considering degrees of participation and value of contribution of said directors in business operation of the Company, as well as based on levels of remuneration generally adopted by the same industry. The total number of the shares held by all the Directors shall not be less than that required by the competent authority in charge of securities affairs. The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

#### **ARTICLE 19-1**

The Fifth Term of the Board of Directors of the Company starts to set up the audit committee, composed entirely of independent directors. It shall be no less than three in number, one of whom shall serve as the convener, and at least one of whom shall have accounting or finance expertise. The exercise of powers, organizational charter, and other compliance requirements of the audit committee shall be handled in accordance with the relevant laws and regulations, as well as the Company's internal guidelines.

#### **ARTICLE 19-2**

The Company shall set up a remuneration committee in accordance with the laws, and may set up other functional committees. Organizational charter of such committees shall be approved by the Board of Directors.

#### **ARTICLE 20**

The Chairman of the Board of Directors shall be elected by and among the directors and shall hold such office for a period corresponding to the term of director.

The remuneration of the Chairman of the Board of Directors is calculated based on 1.25 times the remuneration of the President of the Company.

The pension or severance pay of the Chairman of the Board of Directors shall be calculated in accordance with the relevant pension provisions of the Labor Standards Act, but not being subject to restrictions on age and seniority.

#### **ARTICLE 21**

Business operations of the Company shall be executed pursuant to the resolutions to be adopted by the Board of Directors, except for the matters the execution of which shall be

effected pursuant to the resolutions of the shareholders' meeting as required by the Company Act or the Articles of Incorporation of the Company. The powers of the Board of Directors shall be as follows:

- (1) To review and approve the business policies and plans of the Company;
- (2) To review and approve the regulations with respect to the organization structure and unit functions of the Company;
- (3) To review and approve the budget and the financial statements of the Company;
- (4) To appoint or discharge a financial, accounting, internal auditor or senior officers;
- (5) To review and approve important rules and regulations of the Company and contracts entered into by the Company;
- (6) To review and approve the increase or reduction of the capital, and the issuance of the stocks of the Company;
- (7) To review and approve a material asset transaction;
- (8) To determine the date for regular or special meetings of shareholders;
- (9) To determine the proposals for earning distribution or loss off-setting;
- (10) To determine the proposal for buying back of the stocks of the Company;
- (11) To appoint or discharge the directors and supervisors of subsidiaries of the Company;
- (12) To retain or release a certifying CPA, or the compensation given thereto;
- (13) To review and approve the organizational charters of functional committees;
- (14) To conduct any other business pursuant to the laws and the authorization of the shareholders' meeting.

The Board of Directors consists of one Chief Secretariat, Secretariats and staffs, handling the proposal, documents of the meeting of the Board of Directors and other secretariat related matters.

## **ARTICLE 22**

The Board of Directors' Auditing Department organized under the Board of Directors, consists of one Chief Auditor and Auditors, handling internal auditing and related matters. Divisions can be set up in need to engage in different business.

## **ARTICLE 23**

The Chairman of the Board of Directors shall internally chair the shareholders' meeting and the meeting of the Board of Directors; and shall externally represent the Company. In case the Chairman of the Board of Directors is absent or cannot exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.

#### **ARTICLE 24**

A meeting of the Board of Directors shall, unless otherwise provided for in relevant laws and regulations, be convened by the Chairman of the Board of Directors. Unless otherwise provided in laws, resolutions of the Board of Directors shall be adopted by the approval of a majority of the Directors at a meeting of the Board of Directors, attended by a majority of all the Directors.

Directors shall attend the meetings of the Board of Directors in person. In the event a Director is unable to attend the meeting for cause, he may execute a power of attorney appointing another Director as his proxy, stating therein the scope of his authorities with reference to the items on the agenda. The aforesaid proxy may serve as proxy for one Director only.

In case a meeting of the Board of Directors is proceeding via video conference, then the Directors attending such video conference shall be deemed to have attended the meeting in person.

#### **ARTICLE 25**

Meeting of the Board of Directors shall be held once a month in principle. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of the Board meeting may be served in writing by mail, E-mail or fax.

The procedure for meetings of the Board of Directors shall be governed by the relevant laws and regulations, the Articles of Incorporation of the Company, and the rules otherwise adopted by the Board of Directors.

#### **ARTICLE 26**

Minutes of the meeting of the Board of Directors shall be prepared to record all resolutions passed at said meetings.

Article 18 hereof shall apply mutatis mutandis to the preparation and safekeeping of the minutes referred to in the preceding Paragraph.

### **CHAPTER VI MANAGERIAL OFFICERS**

#### **ARTICLE 27**

The Company shall have a President and several Executive Vice Presidents, Senior Vice Presidents and Vice Presidents, all of whom shall be nominated by the Chairman for the consent of the Board of Directors.



## **ARTICLE 28**

The President shall, pursuant to the instructions of the Chairman of the Board of Directors, manage all the business of the Company, implement all the resolutions adopted at the meeting of Board of Directors.

The Executive Vice President(s) shall assist the President in the matters referred to in the preceding Paragraph. In the event that the President is unable to perform his duties for cause, one of the Executive Vice Presidents shall be appointed by the Chairman to act on behalf of the President.

## **CHAPTER VII ACCOUNTING**

## **ARTICLE 29**

The fiscal year of the Company shall be from January 1 to December 31 of every year.

## **ARTICLE 30**

At the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and shall submit the same to the regular meeting of shareholders for ratification in accordance with the legal procedures:

1. the business report;
2. the financial statements; and
3. the earning distribution or loss off-setting proposals.

After the ratification of the statements and reports mentioned in the preceding Paragraph by the regular meeting of shareholders, the Board of Directors shall announce or distribute to each shareholder the ratified financial statements and the resolutions on the earning distribution and/or loss offsetting.

## **ARTICLE 31**

After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside or reserve special reserve in accordance with laws or its actual needs, and may distribute dividends of preferred shares. The remaining balance plus prior years' accumulated undistributed earnings are earnings available for distribution, for which the Company may appropriate 30% to 100% as earnings distribution subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the general shareholders' meeting for approval.

At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution of the general shareholders' meeting.

### **ARTICLE 31-1**

The current year's earnings (pre-tax income before deducting the remuneration to employees and Directors) of the Company shall first be applied to cover all its accumulated losses, and the remaining balance shall be appropriated 0.02% to 0.15% as remuneration to employees; and not more than 0.5% as remuneration to Directors.

The employees' remuneration mentioned in the preceding Paragraph of this Article shall be distributed in cash or stock. Employees of the affiliated companies meeting certain specific requirements may be entitled to the employees' stock remuneration, subject to the rules set forth by the Board of Directors.

## **CHAPTER VIII ADDENDUM**

### **ARTICLE 32**

Any matters not otherwise provided in the Articles of Incorporation of the Company shall be governed by the Financial Holding Company Act, the Company Act and other applicable regulations.

### **ARTICLE 33**

These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, the twelfth amendment was made on June 24, 2016, the thirteenth amendment was made on June 21, 2019, the fourteenth amendment was made on June 17, 2022, the fifteenth amendment was made on June 16, 2023, the sixteenth amendment was made on June 21, 2024.

## Attachment 8

### Mega Financial Holding Co., Ltd. The Comparison Table of Articles of Procedures for Acquisition or Disposal of Assets

Amended article	Current article	Explanation
<p><b>Article 13</b></p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in 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, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> </ol>	<p><b>Article 13</b></p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in 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, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> </ol>	<p>1. In conjunction with the "Corporate Governance 3.0-Sustainable Development Roadmap" and to promote the reporting of related party transactions in non-business activities in the shareholders' meeting, pursuant to Article 11 of the Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises, the Company added paragraph 2 to this article to prescribe that transactions listed in paragraph 1 shall be reported to the annual shareholders' meeting following the end of</p>

Amended article	Current article	Explanation
<p>3. With respect to the acquisition of real property or right-of-use assets thereof 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>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>For related party transactions listed in the preceding paragraph, the actual transaction status (including the transaction amount, terms and conditions, and information listed in the preceding paragraph) shall be reported to the latest shareholders' meeting after the end of the year.</u></p> <p>With respect to the types of</p>	<p>3. With respect to the acquisition of real property or right-of-use assets thereof 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>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of</p>	<p>the year,.</p> <p>2. The former paragraphs 2 to 6 have been moved to paragraphs 3 to 7.</p>

Amended article	Current article	Explanation
<p>transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2.Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph</p>	<p>transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2.Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph</p>	

Amended article	Current article	Explanation
<p>3 and paragraph 4 shall apply mutatis mutandis to the audit committee.</p> <p>In the event that the Company or a non-domestic publicly-listed subsidiary carries out a transaction specified in Paragraph 1 and the transaction amount reaches 10% or more of the Company's total assets, the information listed in Paragraph 1 shall be submitted to the Company's shareholders' meeting for approval before the transaction contract is signed and the payment is made. However, transactions between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, are not subject to this limitation.</p> <p>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Paragraph 2, Article 25, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, the Audit Committee, and the Board of Directors for acknowledgment in accordance with the provisions of the Disposal Procedures need not be counted toward the transaction amount.</p>	<p>3 and paragraph 4 shall apply mutatis mutandis to the audit committee.</p> <p>In the event that the Company or a non-domestic publicly-listed subsidiary carries out a transaction specified in Paragraph 1 and the transaction amount reaches 10% or more of the Company's total assets, the information listed in Paragraph 1 shall be submitted to the Company's shareholders' meeting for approval before the transaction contract is signed and the payment is made. However, transactions between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, are not subject to this limitation.</p> <p>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Paragraph 2, Article 25, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, the Audit Committee, and the Board of Directors for acknowledgment in accordance with the provisions of the Disposal Procedures need not be counted toward the transaction amount.</p>	

Amended article	Current article	Explanation
<p><b><u>Article 33</u></b></p> <p><u>This procedure was adopted by Meeting of Shareholders on June 6, 2003. 1st amendment by Annual Shareholders' Meeting on June 15, 2007. 2nd amendment by Annual Shareholders' Meeting on June 15, 2012. 3rd amendment by Annual Shareholders' Meeting on June 24, 2014. 4th amendment by Annual Shareholders' Meeting on June 16, 2017. 5th amendment by Annual Shareholders' Meeting on June 21, 2019. 6th amendment by Annual Shareholders' Meeting on June 17, 2022. 7th amendment by Annual Shareholders' Meeting on June 21, 2024.</u></p>		<p>This article is newly added to clarify the revision (amendment) process of this procedure.</p>

**Mega Financial Holding Co., Ltd.**  
**Procedures for Acquisition or Disposal of Assets**  
**(Draft amendment)**

**Chapter I General Principles**

**Article 1**

These Procedures are established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the “Regulations”) promulgated by the Financial Supervisory Commission (FSC).

**Article 2**

The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

**Article 3**

The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

**Article 4**

Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.



The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

## **Article 5**

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

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange 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.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of their respective sector associations.

## **Article 6**

In acquisition or disposal of assets, the Company shall handle the assessment and transaction in compliance with the following provisions:

1. Acquisition or disposal of real property, equipment, other assets and right-of-use assets thereof shall be handled in compliance with the Company's "Guidelines for Procurement, Leasing and Disposal of Assets".
2. The acquisition or disposal of marketable securities shall be governed by the Financial Holding Company Act and applicable laws and regulations, as well as the Company's Regulations Governing the Use of Short-term Funds.
3. Long-term equity investments and their disposal shall be governed by the Financial Holding Company Act and applicable laws and regulations.
4. Financial derivative transactions shall be governed by the Company's Procedures for Engaging in Financial Derivative Transactions.

## **Article 6-1**

The total amount of real estate that is not for business use and its right-of-use assets or marketable securities acquired by the Company and its subsidiaries, as well as the cap on individual marketable securities, shall be governed by the Financial Holding Company Act, applicable laws and regulations, and the relevant regulations of each company.

## **Chapter II Disposition Procedures**

### **Section I Establishment of Disposition Procedures**

## **Article 7**

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

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. 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, a certified public accountant (CPA) shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## **Article 8**

When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where

otherwise provided by regulations of the Financial Supervisory Commission (FSC).

#### **Article 9**

In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, shall engage a certified public accountant (CPA) prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

#### **Article 10**

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

#### **Article 11**

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

### **Section II Related Party Transactions**

#### **Article 12**

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the applicable regulations.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

#### **Article 13**

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction

amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in 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, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

For related party transactions listed in the preceding paragraph, the actual transaction status (including the transaction amount, terms and conditions, and information listed in the preceding paragraph) shall be reported to the latest shareholders' meeting after the end of the year.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph 3 and paragraph 4 shall apply mutatis

mutandis to the audit committee.

In the event that the Company or a non-domestic publicly-listed subsidiary carries out a transaction specified in Paragraph 1 and the transaction amount reaches 10% or more of the Company's total assets, the information listed in Paragraph 1 shall be submitted to the Company's shareholders' meeting for approval before the transaction contract is signed and the payment is made. However, transactions between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, are not subject to this limitation.

The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Paragraph 2, Article 25, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, the Audit Committee, and the Board of Directors for acknowledgment in accordance with the provisions of the Disposal Procedures need not be counted toward the transaction amount.

#### **Article 14**

In acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

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

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

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company from its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

## **Article 15**

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

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - A. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land of a similar size, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and

within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

## **Article 16**

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. The independent director members of the audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.

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

In acquiring real property or right-of-use assets thereof from a related party, the Company shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

## **Section III Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

### **Article 17**

When conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange



ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

## **Article 18**

When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## **Article 19**

When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a transfer of shares, the Company shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

## **Article 20**

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

## **Article 21**

When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

## **Article 22**

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

## **Article 23**

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

## **Article 24**

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 19, Article 20, and the preceding article.

## **Chapter III Public Disclosure of Information      Chapter III Public Disclosure of Information**

## Article 25

Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, 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.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from financial derivative transactions reach the full amount specified by the Disposal Procedures or the maximum amount of loss specified by individual contracts.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented 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 reaches NT\$500 million or more.
6. 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 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - A. Trading of domestic government bonds or foreign government bonds with credit ratings not lower than the sovereign rating of the R.O.C..
  - B. Trading of marketable securities at stock exchanges or securities dealers' offices; subscription of foreign government bonds or offered and issued ordinary corporate bonds and general financial bonds not involving equity interests (excluding subordinated bonds) in the primary market; subscription or repurchase of securities investment trusts or futures trusts; or subscription or repurchase of exchange-traded notes.
  - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within one year" in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to the Disposal Procedures may be excluded.

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.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

## **Article 26**

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

## **Chapter IV Additional Provisions**

### **Article 27**

Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the

Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 25, paragraph 1.

#### **Article 28**

Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

#### **Article 29**

Matters not addressed by these Procedures shall be governed by other applicable laws and regulations, and the Company's relevant requirements.

#### **Article 30**

The Company's subsidiaries shall enact "Procedures for Acquisition or Disposal of Assets" and sent to supervisors and the shareholders meeting for approval, after adopted by the Board of Directors.

In acquiring or disposal of assets, subsidiary of the Company shall handle pursuant to its Procedures for Acquisition or Disposal of Assets and the Company's Rules for Subsidiary Supervisory Operation.

#### **Article 31**

When these Procedures are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting and sent the audit committee. Material asset transaction and formulation or amendment to these Procedures shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the

minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

### **Article 32**

The Disposal Procedures shall be approved by the Audit Committee and submitted to the Board of Directors for approval, and then reported at the shareholders' meeting for approval prior to implementation. The same shall apply to future amendments.

### **Article 33**

This procedure was adopted by Meeting of Shareholders on June 6, 2003. 1st amendment by Annual Shareholders' Meeting on June 15, 2007. 2nd amendment by Annual Shareholders' Meeting on June 15, 2012. 3rd amendment by Annual Shareholders' Meeting on June 24, 2014. 4th amendment by Annual Shareholders' Meeting on June 16, 2017. 5th amendment by Annual Shareholders' Meeting on June 21, 2019. 6th amendment by Annual Shareholders' Meeting on June 17, 2022. 7th amendment by Annual Shareholders' Meeting on June 21, 2024.

## Attachment 9

### Profiles of Director & Independent Director Candidates

Position	Name of Director (Representative of Legal Entity)	Concurrent Position	Experience (Education)	Shareholding
Director	Chung-Dar Lei (Ministry of Finance, R.O.C)	Chairman of Mega Financial Holding Co., Ltd. & Mega Int'l Commercial Bank Co., Ltd.	Associate V.P., Researcher, Advisor of Central Bank; Director, Central American Bank for Economic Integration (CABEI); General Director, Financial Bureau of Kaohsiung City Government; Acting Chairman, Bank of Kaohsiung; Chairman, Central Deposit Insurance Corporation; Chairman of Taiwan Cooperative Financial Holding Co., Ltd. & Taiwan Cooperative Bank Co., Ltd.; Chairman, Trust Association R.O.C; Managing Director, the Banker Association of R.O.C.  (PhD. Economics, Cornell University, U.S.A.)	1,180,992,939
Director	Yu-Mei Hsiao (Ministry of Finance, R.O.C)	President of Mega Financial Holding Co., Ltd.	General Manager of Gong-guan/ Brisbane Branch, First Commercial Bank; Chief Secretary / Vice President of Mega Int'l Commercial Bank Co., Ltd. & Mega Financial Holding Co., Ltd.  (M.A. in Finance, University of Illinois at Urbana-Champaign, U.S.A.)	1,180,992,939
Director	Po-Cheng Chen (Ministry of Finance, R.O.C)	Director-General, National Treasury Administration, Ministry of Finance, R.O.C.	Chief / Senior Executive Officer / Deputy Director / Chief Secretary / Director, Taxation Administration, Ministry of Finance;	1,180,992,939



Position	Name of Director (Representative of Legal Entity)	Concurrent Position	Experience (Education)	Shareholding
			<p>Director, National Treasury Administration, Ministry of Finance;</p> <p>Deputy Director-general / National Taxation Bureau of the Southern Area, Ministry of Finance;</p> <p>Director-General / Finance and Local Tax Bureau, Tainan City;</p> <p>Director-General / National Taxation Bureau of Kaohsiung, Ministry of Finance</p> <p>(M.A. in Public Finance, National Chengchi University)</p>	
Director	Pei-Chun Chen (Ministry of Finance, R.O.C)	Chairman of Mega Securities Co., Ltd. & Mega Futures Co., Ltd.	<p>Manager of Yuanta Core Pacific Securities Co., Ltd.;</p> <p>Vice President of PineBridge Investments Management Taiwan Ltd.;</p> <p>Legal Director of Prestige Law Firm, Chief Auditor of Mega Securities Co., Ltd.</p> <p>(M.A. in Law, Boston University, U. S. A.)</p>	1,180,992,939
Director	Yih-Jiuan Wu (Ministry of Finance, R.O.C)	Director General, Dept. of Economic Research, Central Bank of the R.O.C.	<p>Assistant Director General / Deputy Director General / Director General of Department of Economic Research, Central Bank of the R.O.C.</p> <p>(Ph.D. in Economics, Iowa State University, U.S.A.)</p>	1,180,992,939
Director	Ing-Ren Lee (Ministry of Finance, R.O.C)	Vice President & Deputy General Manager, Lan Ya Branch of Mega Int'l Commercial Bank Co., Ltd.	<p>Manager / Assistant Vice President / Vice President / Deputy General Manager, Mega Int'l Commercial Bank Co., Ltd.;</p> <p>Director / Executive Director, The Labor Union of Mega Int'l Commercial Bank</p>	1,180,992,939

Position	Name of Director (Representative of Legal Entity)	Concurrent Position	Experience (Education)	Shareholding
			(Bachelor of Department of Banking and Finance, Takming University of Science and Technology)	
Director	Keh-Her Shih (National Development Fund, Executive Yuan, R.O.C.)	Director of Yang Ming Marine Transport Corp.	Deputy Magistrate, Yunlin County Government; Deputy Secretary-General, Executive Yuan; Consultant, Executive Yuan; Political Deputy Minister, Ministry of Labor; Deputy Secretary-General, Office of the President; Senior Secretary, Office of the President Deputy Minister of National Development Council, Executive Yuan, R.O.C.  (MSc Regional and Urban Planning Studies, The London School of Economics and Political Science  MSc Management, Imperial College, University of London)	891,568,452
Director	Yi-Hong Deng (National Development Fund, Executive Yuan, R.O.C.)	Managing attorney of Hongjian International Law Firm	Congressional Assistant, Legislative Yuan; Managing attorney of Hongjian International Law Firm; Independent Director, First Gold Life Insurance Co., Ltd. (Bachelor of Department of Law, National Chengchi University)	891,568,452
Director	Hong-Mo Wu (Chunghwa Post Co., Ltd.)	Chairman of Chunghwa Post Co., Ltd.	Deputy Mayor of Kaohsiung City Government; Minister without Portfolio, Executive Yuan & concurrently Minister, Public Construction Commission, Executive Yuan; Chairman of Taiwan International Ports	517,633,693

Position	Name of Director (Representative of Legal Entity)	Concurrent Position	Experience (Education)	Shareholding
			Corporation; Minister of Ministry of Transportation and Communications  (Ph.D. in Marine Environment and Engineering, National Sun Yat-sen University)	
Director	Hui-Chuan Chen (Bank of Taiwan Co., Ltd.)	Deputy Minister of DGBAS, Executive Yuan	Accounting Director, Council of Agriculture Executive Yuan Deputy Director-General Accounting Dept, Ministry of the Justice Director-General Accounting Dept, Ministry of the Education Director-General Budget Accounting and Statistics Office, Taoyuan City (County) Government Director-General Accounting Dept, Judicial Yuan  (M.A. in Accounting, National Chengchi University)	377,876,300
Independent Director	Ying Wu	Independent Director of Mega Financial Holding Co., Ltd. & Mega Int'l Commercial Bank Co., Ltd.	Chief Auditor, Senior Executive Vice President, Director of First Commercial Bank; Chief Auditor, Director & President of First Financial Holding Co., Ltd.; Supervisor of International Bills Finance Corp; Director & Vice Chairman of IBF Financial Holdings  (Bachelor of Department of Finance and Taxation, National Chengchi University)	0
Independent Director	Chang-Ching Lin	Professor, Dept. of Economics, National Cheng Kung University	Assistant Research Fellow, Institute of Economics, Academia Sinica; Adjunct Assistant Professor, Dept. of Economics, National Central University; Adjunct Assistant Professor,	0

<b>Position</b>	<b>Name of Director (Representative of Legal Entity)</b>	<b>Concurrent Position</b>	<b>Experience (Education)</b>	<b>Shareholding</b>
			Dept. of Economics, National Taiwan University; Associate Dean, College of Social Sciences, National Cheng Kung University Independent Director, Air Asia Company Limited. (Ph.D. in Economics, University of Michigan - Ann Arbor)	
Independent Director	Hung-Ju Chen	Associate Dean, College of Social Sciences; Professor, Department of Economics, National Taiwan University	Assistant Professor, Professor, Dept. of Economics, National Taiwan University; Directors, First Financial Holding Co., Ltd.; Managing Director, First Commercial Bank Co., Ltd. (Ph.D., Economics, University of California, Los Angeles, U. S. A.)	0
Independent Director	Tsai-Jyh Chen	Professor, Dept. of Risk Management and Insurance, National Chengchi University	Associate professor, Professor, Dept. of Risk Management and Insurance, National Chengchi University; Independent Director, Mega Bills Finance Co., Ltd. (Ph.D. of Insurance, Wharton School, University of Pennsylvania, U. S. A.)	0
Independent Director	Yung-Chih Lien	Dean, College of International Marketing, National Taipei University of Business	Assistant Professor, Associate Professor, Professor, Dept. of International Business, National Taiwan University; Assistant Professor, Dept. of Shipping Management, National Taiwan Ocean University; Assistant Professor, Dept. of Management, National Sun Yat-Set University; Independent Director, SysJust Co., Ltd.;	0

<b>Position</b>	<b>Name of Director (Representative of Legal Entity)</b>	<b>Concurrent Position</b>	<b>Experience (Education)</b>	<b>Shareholding</b>
			Independent Director, TWOWAY Communications Inc.  (Ph.D., King's College London, UK)	

## **Appendix 1**

# **Mega Financial Holding Company Limited**

## **Articles of Incorporation**

### **CHAPTER I**

#### **GENERAL PROVISIONS**

#### **ARTICLE 1**

The Company is organized under the Financial Holding Company Act and the Company Act, and its name shall be 兆豐金融控股股份有限公司 in the Chinese language, and Mega Financial Holding Company Limited (hereinafter referred to as the "Company") in the English language to enhance the economic scale, achieve synergy of the financial holding company and promote the development of the financial market.

#### **ARTICLE 2**

The Company shall establish its head office at Taipei, Taiwan, the Republic of China and may set up branch offices as deemed necessary for its business operations.

The establishment, dissolution and change of status of branches as referred to in the preceding Paragraph shall be executed pursuant to the resolutions to be adopted by the Board of Directors.

### **CHAPTER II**

#### **SCOPE OF BUSINESS**

#### **ARTICLE 3**

The scope of business of the Company shall be financial holding company (business code H801011).

#### **ARTICLE 4**

The Company shall engage in the following business:

1. To invest in the following industry:

- (1) financial holding company;
- (2) banks;
- (3) bills finance company;
- (4) credit card company;
- (5) trust company;
- (6) insurance company;
- (7) securities company;
- (8) futures company;

- (9) venture capital company;
  - (10) foreign financial company approved by the competent authority; and
  - (11) other financial related company recognized by the competent authority
- 2. To manage the investment of the aforesaid company invested
  - 3. To apply to the competent authority to invest in industry not specified in the first Paragraph of this Article but not involved in the operation of the company invested
  - 4. To conduct other business approved by the competent authority

## **ARTICLE 5**

The Company is a professional investment company. The total amount of investments made by the Company may exceed forty percent of the amount of its own paid-up capital without being subject to the requirement set out in Paragraph 2, Article 13 of the Company Act.

## **CHAPTER III CAPITAL STOCK**

## **ARTICLE 6**

The total authorized capital of the Company is two hundred twenty billion New Taiwan Dollars (NT\$220,000,000,000), divided into twenty two billion (22,000,000,000) shares at par value of ten New Taiwan Dollars (NT\$10.00) per share. The shares are issued in installments, and part of the shares may be preferred shares.

When the Company issues new shares, employees meeting certain specific requirements, of the subsidiaries are entitled to subscribe new shares reserved for subscription by employees in accordance with applicable laws.

### **ARTICLE 6-1**

The rights, obligations and other important issuance terms of preferred shares of the Company are as follows:

- I. The Company's annual earnings are first subject to taxation and reimbursement of previous years' losses, in accordance with laws. A legal reserve shall also be set aside in accordance with laws. Then, a special reserve shall be set aside or reversed in accordance with laws or actual needs. Remaining earnings, if any, may be distributed first to the dividends of preferred shares as the respective year's dividends.
- II. The dividend rate of preferred shares is limited to 8% per annum on issue price, and the dividends will be distributed annually in cash. After the financial statements have been approved by the general shareholders' meeting, the Board of Directors will determine the record date to pay the distributable dividends of the previous year. In the year of issuance and redemption, the distribution of payable dividends is calculated based on the actual number of days preferred shares remained outstanding in that year.

- III. The Company has solo discretion over the distribution of dividends of preferred shares. The Company may resolve not to distribute dividends of preferred shares if there are no earnings or earnings insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio fall below than the minimum requirement stipulated by laws or competent authority or other necessary consideration. The shareholders of preferred shares shall not object to the decision. If the preferred shares issued are non-cumulative, the undistributed dividends or the deficit of dividends will not be cumulated for deferred payment in the subsequent years with earnings.
- IV. Except for the dividends prescribed in Subparagraph 2 of this Paragraph, preferred shares are not eligible for the dividend entitlements of common shares, including cash or stock dividends derived from earnings or capital reserves.
- V. In terms of allocation priority on the residual property of the Company, the preferred shares shall have a higher priority than common shares. The different types of preferred shares of the Company shall rank *pari passu* and the payment shall not exceed the issue amount.
- VI. The shareholders of preferred shares do not have voting rights or election rights at the general shareholders' meeting. However, they have voting rights at preferred shareholders' meeting or at the general shareholders' meeting with respect to the rights and obligations of the shareholders of preferred shares.
- VII. Preferred shares shall not be converted to common shares, and the shareholders of preferred shares do not have the rights to request the Company to buy back their preferred shares.
- VIII. If the Company issue perpetual preferred shares, the Company may redeem all or a portion of preferred shares anytime on the next day after 7 years of issuance on issue price. The remaining preferred shares shall remain the rights and obligations of issuance terms prescribed in this Article. In the year of redemption, the dividends shall be calculated based on the actual number of days if the general shareholders' meeting decides to distribute dividends.
- IX. If the Company issue non-perpetual preferred shares, the issuance period shall not be shorter than 7 years. Upon expiry date of the issuance period or on the next day after 5 years of issuance, the Company may, pursuant to the issue price and relevant issuance terms, redeem such shares in cash, or redeem such shares in other manners permissible by laws. If the Company cannot redeem all or a portion of the preferred shares due to objective factors or force majeure by that time, the rights of the remaining preferred shares shall remain the issuance terms until fully redemption by the Company.

The Board of Directors is authorized to determine the name, issuance date and terms of preferred shares in accordance with market conditions and investors' expectation, in accordance with the Articles and laws and regulations.



## **ARTICLE 7**

Prior to the reunification of the country, all shares held by shareholders in mainland China are treated as reserved shares according to the law. Such reserved shares are not entitled to vote at any shareholders' meeting of the Company, and the number of such reserved shares is not counted in the total number of the issued and outstanding shares of the Company.

## **ARTICLE 8**

All share certificates of the Company shall indicate thereon the name of the shareholder thereof.

For the shares to be issued by the Company, the Company may be exempted from printing any share certificate for the share issued, while the Company shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

## **ARTICLE 9**

Each of the shareholders shall submit to the shareholders' registrar retained by the Company his/her/its seal specimen card. Shareholders applying to the shareholders' registrar retained by the Company for processing of share matters or exercise of shareholders' rights in writing should sign or affix the seal as shown in the specimen card.

The shareholders' registrar referred to in the preceding Paragraph shall provide the relevant information of the shareholders upon the Company's request.

## **ARTICLE 10**

Any juristic person or a government agency shareholder may be elected as a Director; provided, however, that it shall appoint a natural person to act on its behalf.

## **ARTICLE 11**

Share registrar matters shall be handled pursuant to the Guidelines Governing Share Registrar Matters of Public Companies, as promulgated by the competent authority, and other relevant laws and regulations.

## **CHAPTER IV MEETINGS OF SHAREHOLDERS**

## **ARTICLE 12**

The meeting of shareholders shall be convened by the Board of Directors unless the Company Act shall require otherwise.

The shareholders' meetings are of the following two kinds:

1. Regular meetings of the shareholders: to be convened at least once a year; and
2. Special meetings of the shareholders: to be convened whenever necessary.

Regular meetings of the shareholders shall be convened within six months after the close of each fiscal year.

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

#### **ARTICLE 12-1**

The company convened shareholders meetings, they shall convene a virtual shareholders meeting or other methods disclosed by competent authority.

The company convened a virtual shareholders meeting, they should comply with other laws and Mega Financial Holding Company Rules of Procedures for Shareholders' Meetings.

#### **ARTICLE 13**

The entries in the shareholders' book shall be closed in a period from 60 days prior to the convening date of a regular shareholders' meeting, from 30 days prior to the convening date of a special shareholders' meeting, or from 5 days prior to the record date set by the Company for distribution of dividends, bonus or other benefits.

#### **ARTICLE 14**

A shareholder who is unable to attend a shareholders' meeting may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

When the government or a juristic person is a shareholder, its proxy shall not be limited to one person.

#### **ARTICLE 15**

Unless otherwise required by laws and regulations, each share holding by the shareholders shall have one vote.

A shareholder who has conflict of interest in the matter under discussion at a shareholders' meeting, which will likely impair the interest of the Company, shall not vote nor exercise the voting right on behalf of other shareholders.

#### **ARTICLE 16**

A written notice to convene a regular meeting of shareholders shall be sent to each

shareholder no later than 30 days prior to the scheduled meeting date. In case of a special meeting of shareholders, a meeting notice shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The agenda of a meeting of shareholders shall be stated in the meeting notice to be sent to shareholders. A public notice to shareholders holding less than 1000 shares may be placed instead of a written notice.

The aforesaid agenda of a meeting may be proposed by "extemporary motions"; provided, however, that matters which shall be stated in the meeting notice in accordance with relevant laws and regulations may not be proposed by "extemporary motions".

The first Paragraph of this Article shall not apply to the situation where the meeting of shareholders resolves to postpone or reconvene the meeting within five days.

#### **ARTICLE 17**

Unless otherwise required by law, resolutions of the shareholders' meeting shall be adopted by a majority of the issued shares held by the shareholders present at the meeting (quorum), and a majority of shareholders present at the meeting vote for such resolution.

#### **ARTICLE 18**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the meeting. The distribution of the minutes of shareholders' meeting may be made by means of public announcement. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the proxies shall be kept by the Company for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the above documents shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

### **CHAPTER V BOARD OF DIRECTORS**

#### **ARTICLE 19**

The Company shall have a Board of Directors composed of fifteen to twenty one Directors. Starting from 2013, the candidate nomination system is adopted for directors; the shareholders shall elect directors from a list of the candidates. The term of office of a director is three years, and may be eligible for re-election.

Among the directors prescribed in the preceding Paragraph, at least five independent directors and a number of independent directors no less than 1/3 of the board seats shall be included.

The independent directors' professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other compliance requirements shall be handled in accordance with the relevant laws and regulations.

The remuneration of the independent directors of the Company shall be determined by the Board, considering degrees of participation and value of contribution of said directors in business operation of the Company, as well as based on levels of remuneration generally adopted by the same industry. The total number of the shares held by all the Directors shall not be less than that required by the competent authority in charge of securities affairs. The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

#### **ARTICLE 19-1**

The Fifth Term of the Board of Directors of the Company starts to set up the audit committee, composed entirely of independent directors. It shall be no less than three in number, one of whom shall serve as the convener, and at least one of whom shall have accounting or finance expertise. The exercise of powers, organizational charter, and other compliance requirements of the audit committee shall be handled in accordance with the relevant laws and regulations, as well as the Company's internal guidelines.

#### **ARTICLE 19-2**

The Company shall set up a remuneration committee in accordance with the laws, and may set up other functional committees. Organizational charter of such committees shall be approved by the Board of Directors.

#### **ARTICLE 20**

The Chairman of the Board of Directors shall be elected by and among the directors and shall hold such office for a period corresponding to the term of director.

The remuneration of the Chairman of the Board of Directors is calculated based on 1.25 times the remuneration of the President of the Company.

The pension or severance pay of the Chairman of the Board of Directors shall be calculated in accordance with the relevant pension provisions of the Labor Standards Act, but not being subject to restrictions on age and seniority.

#### **ARTICLE 21**

Business operations of the Company shall be executed pursuant to the resolutions to be

adopted by the Board of Directors, except for the matters the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by the Company Act or the Articles of Incorporation of the Company. The powers of the Board of Directors shall be as follows:

- (1) To review and approve the business policies and plans of the Company;
- (2) To review and approve the regulations with respect to the organization structure and unit functions of the Company;
- (3) To review and approve the budget and the financial statements of the Company;
- (4) To appoint or discharge a financial, accounting, internal auditor or senior officers;
- (5) To review and approve important rules and regulations of the Company and contracts entered into by the Company;
- (6) To review and approve the increase or reduction of the capital, and the issuance of the stocks of the Company;
- (7) To review and approve a material asset transaction;
- (8) To determine the date for regular or special meetings of shareholders;
- (9) To determine the proposals for earning distribution or loss off-setting;
- (10) To determine the proposal for buying back of the stocks of the Company;
- (11) To appoint or discharge the directors and supervisors of subsidiaries of the Company;
- (12) To retain or release a certifying CPA, or the compensation given thereto;
- (13) To review and approve the organizational charters of functional committees;
- (14) To conduct any other business pursuant to the laws and the authorization of the shareholders' meeting.

The Board of Directors consists of one Chief Secretariat, Secretariats and staffs, handling the proposal, documents of the meeting of the Board of Directors and other secretariat related matters.

## **ARTICLE 22**

The Auditing Department organized under the Board of Directors, consists of one Chief Auditor, one Deputy Chief Auditor, Auditors and staffs, handling internal auditing and related matters. Divisions can be set up in need to engage in different business.

The Chief Auditor is ranking the same as Executive Vice President and the Deputy Chief Auditor is ranking the same as Senior Vice President or Vice President of the Company.

## **ARTICLE 23**

The Chairman of the Board of Directors shall internally chair the shareholders' meeting and the meeting of the Board of Directors; and shall externally represent the Company. In case the Chairman of the Board of Directors is absent or cannot exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to

act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.

#### **ARTICLE 24**

A meeting of the Board of Directors shall, unless otherwise provided for in relevant laws and regulations, be convened by the Chairman of the Board of Directors. Unless otherwise provided in laws, resolutions of the Board of Directors shall be adopted by the approval of a majority of the Directors at a meeting of the Board of Directors, attended by a majority of all the Directors.

Directors shall attend the meetings of the Board of Directors in person. In the event a Director is unable to attend the meeting for cause, he may execute a power of attorney appointing another Director as his proxy, stating therein the scope of his authorities with reference to the items on the agenda. The aforesaid proxy may serve as proxy for one Director only.

In case a meeting of the Board of Directors is proceeding via video conference, then the Directors attending such video conference shall be deemed to have attended the meeting in person.

#### **ARTICLE 25**

Meeting of the Board of Directors shall be held once a month in principle. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of the Board meeting may be served in writing by mail, E-mail or fax.

The procedure for meetings of the Board of Directors shall be governed by the relevant laws and regulations, the Articles of Incorporation of the Company, and the rules otherwise adopted by the Board of Directors.

#### **ARTICLE 26**

Minutes of the meeting of the Board of Directors shall be prepared to record all resolutions passed at said meetings.

Article 18 hereof shall apply mutatis mutandis to the preparation and safekeeping of the minutes referred to in the preceding Paragraph.

### **CHAPTER VI MANAGERIAL OFFICERS**

#### **ARTICLE 27**

The Company shall have a President and several Executive Vice Presidents, Senior Vice Presidents and Vice Presidents, all of whom shall be nominated by the Chairman for the consent of the Board of Directors.

## **ARTICLE 28**

The President shall, pursuant to the instructions of the Chairman of the Board of Directors, manage all the business of the Company, implement all the resolutions adopted at the meeting of Board of Directors.

The Executive Vice President(s) shall assist the President in the matters referred to in the preceding Paragraph. In the event that the President is unable to perform his duties for cause, one of the Executive Vice Presidents shall be appointed by the Chairman to act on behalf of the President.

## **CHAPTER VII ACCOUNTING**

## **ARTICLE 29**

The fiscal year of the Company shall be from January 1 to December 31 of every year.

## **ARTICLE 30**

At the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and shall submit the same to the regular meeting of shareholders for ratification in accordance with the legal procedures:

1. the business report;
2. the financial statements; and
3. the earning distribution or loss off-setting proposals.

After the ratification of the statements and reports mentioned in the preceding Paragraph by the regular meeting of shareholders, the Board of Directors shall announce or distribute to each shareholder the ratified financial statements and the resolutions on the earning distribution and/or loss offsetting.

## **ARTICLE 31**

After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside or reserve special reserve in accordance with laws or its actual needs, and may distribute dividends of preferred shares. The remaining balance plus prior years' accumulated undistributed earnings are earnings available for distribution, for which the Company may appropriate 30% to 100% as earnings distribution subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the general shareholders' meeting for approval.

At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock

dividend may be adjusted by resolution of the general shareholders' meeting.

#### **ARTICLE 31-1**

The current year's earnings (pre-tax income before deducting the remuneration to employees and Directors) of the Company shall first be applied to cover all its accumulated losses, and the remaining balance shall be appropriated 0.02% to 0.15% as remuneration to employees; and not more than 0.5% as remuneration to Directors.

The employees' remuneration mentioned in the preceding Paragraph of this Article shall be distributed in cash or stock. Employees of the affiliated companies meeting certain specific requirements may be entitled to the employees' stock remuneration, subject to the rules set forth by the Board of Directors.

### **CHAPTER VIII ADDENDUM**

#### **ARTICLE 32**

Any matters not otherwise provided in the Articles of Incorporation of the Company shall be governed by the Financial Holding Company Act, the Company Act and other applicable regulations.

#### **ARTICLE 33**

These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, the twelfth amendment was made on June 24, 2016, and the thirteenth amendment was made on June 21, 2019, and the fourteenth amendment was made on June 17, 2022, and the fifteenth amendment was made on June 16, 2023.



## **Appendix 2**

### **Mega Financial Holding Company Rules of Procedures of Shareholders' Meetings**

Established on June 12, 2002  
Amended on November 11, 2002  
Amended on June 11, 2004  
Amended on June 21, 2013  
Amended on June 19 , 2020  
Amended on June 17 , 2022

#### **Article 1**

To establish a strong governance system for the Company's shareholders' meetings, to enhance sound supervisory functions, and to strengthen management capabilities, these Rules are adopted.

#### **Article 2**

The rules of procedures for this Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

#### **Article 3**

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

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.

The Company shall prepare electronic versions of the procedures manual, shareholders meeting notice, and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (hereinafter, the MOPS) in accordance with the regulations of the competent authority.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

#### **Article 4**

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by

providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 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.

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.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation 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.

## **Article 5**

The venue for a shareholders' meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall not start earlier than 9 a.m. or later than 3 p.m.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting. When this Corporation convenes a virtual-only shareholders meeting, both the chairperson and secretary shall be in the same location, and the chairperson shall declare the address of their location when the meeting is called to order.

## **Article 6**

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

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.

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.

## **Article 7**

To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. 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:
  - 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 meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - 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.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. 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.

## **Article 8**

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chairperson.

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

## **Article 9**

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. 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.

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 audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

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.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

## **Article 10**

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated based on the shares indicated by the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronic transmission.

The chairperson 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. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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. 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.

If the attending shareholders have constituted a majority of all issued shares by the end of the meeting, the chairperson may resubmit the tentative resolution for approval pursuant to Article 174 of the Company Act.

#### **Article 11**

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party, other than the board of directors, entitled to convene such meeting.

Unless otherwise resolved by the meeting, the chairperson shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions).

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

#### **Article 12**

Before speaking at the shareholders' meeting, an attending shareholder must specify on a speaker's slip the summary of the speech, his/her shareholder account number (or attendance card number), and account name. The sequence of shareholders' speech will be determined by the chairperson.

If any attending shareholder submits a speaker's slip but does not actually speak, no speech shall be deemed to have been made by the shareholder. In case the content of the speech does not correspond to the contents given on the speaker's slip, the contents of actual speech shall prevail.

Except with the consent of the chairperson, a shareholder shall not speak more than twice on the same proposal, and a single speech shall not exceed 5 minutes. If the shareholder's speech violates the above rules or exceeds the scope of the agenda item, the chairperson may stop the speech of the shareholder.

The provisions of the preceding paragraph apply *mutatis mutandis* to the time and times of an attending shareholder's speech on non-proposal at the proceeding of extraordinary motions.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless otherwise permitted by chairperson and the speaking shareholder; otherwise, the

chairperson shall stop such interruption.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After the speech of an attending shareholder, the chairperson may respond in person or designate relevant personnel to respond.

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 chairperson declaring the meeting open until the chairperson declaring the meeting adjourned. No more than two questions for the same proposal shall be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 6 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

### **Article 13**

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

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

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 paragraph 2 of Article 179 of the Company Act. Except for trust enterprises or a shareholder services agent approved by the competent securities authority, the proxy right of a person who acts as the proxy for two or more shareholders shall not exceed 3 percent of the total issued voting shares of this Company. If that percentage is exceeded, the excess portion of voting rights shall not be counted.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Company, that shareholder shall not vote on that item, and shall not exercise voting rights as proxy for any other shareholder, unless otherwise provided by laws or regulations.

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

### **Article 14**

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate

declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 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.

Except as otherwise provided in the law, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chairperson declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairperson announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chairperson announces the voting session ends, and results of votes and elections shall be announced immediately.

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 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.

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 shall 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.

#### **Article 15**

The election of directors at a shareholders meeting, the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Article 16**

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

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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

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 chairperson'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.

When convening a virtual-only shareholder meeting, other than 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.

#### **Article 17**

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. 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.

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.

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

#### **Article 18**

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

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### **Article 19**

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

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

If the meeting place is equipped with loudspeaker equipment, the chairperson may stop any shareholders using equipment not installed by the Company from speaking.

When a shareholder violates these Rules and defies the chairperson's correction, obstructs the proceedings of the meeting and fails to desist, the chairperson may direct the proctors or security personnel to escort the shareholder to leave the meeting place.

#### **Article 20**

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 in accordance with the regulations, and this disclosure shall continue at least 15 minutes after the chairperson has announced the meeting adjourned.

#### **Article 21**

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chairperson 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 chairperson 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.

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.

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 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.

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.

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.

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 shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting in accordance with 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.

## **Article 22**

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.

## **Article 23**

Any matters not otherwise specified in these Rules shall be governed by the Company Act, other applicable regulations, and the Articles of Incorporation.

**Article 24**

These Rules shall enter into force after adoption by shareholders' meetings. The same shall apply in case of amendment or revocation.

## **Appendix 3**

### **Mega Financial Holding Company Procedures for Election of Directors**

Established on June 12, 2002

Amended on November 11, 2002

Amended on June 13, 2008

Amended on June 15, 2012

Amended on June 19, 2020

#### **Article 1 (Purpose and Basis)**

To ensure a just, fair, and open election of directors, these Rules are adopted pursuant to the “Corporate Governance Best-Practice Principles for Financial Holding Companies”.

#### **Article 2 (Responsible Unit)**

The agenda working group for board meeting is responsible for maintenance of these Rules.

#### **Article 3 (Application Scope)**

Unless otherwise provided for by laws and regulations, or by the Company’s Articles of Incorporation, elections of directors shall be conducted in accordance with these Rules.

#### **Article 4 (Number of Directors)**

The number of directors of the Company is specified in the Company’s Articles of Incorporation and shall be determined by the resolution of the board of directors.

#### **Article 5 (Election and By-election of Directors)**

Elections of directors at this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. And the shareholders shall elect the directors from among the nominees listed in the roster of director candidates.

When the number of directors falls below five due to the dismissal of a director for any reason, this Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Company’s articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required by laws and regulations, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

#### **Article 6 (Required Qualification of Directors)**

The Company’s directors shall have good moral character and must not be in any of situations as stipulated in Article 30 of the Company Act and subparagraphs of Article 3 of

“Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company”.

Besides complying with the preceding paragraph, qualification of independent directors shall meet the requirements prescribed by the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

When providing a recommended roster of independent director candidates, the board of directors or shareholders holding one per cent or more of total number of the outstanding shares of the Company shall submit therewith documentation that the nominees meet the requirements of professional qualification, independence and concurrent serving restrictions as required by laws and regulations. Provided that the director candidate so nominated is a professor of college or university, an approval from the school shall be attached as well.

The Board of Directors of the Company shall review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in the preceding three paragraphs, but may not arbitrarily add requirements for documentation of other qualifications.

#### **Article 7 (Overall Qualification and Structure Restriction for the Board)**

All board members shall comply with the qualification requirement of paragraphs 1 to 3 and paragraph 9 of Article 9 of the “Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company”.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

When there are some among the directors who do not meet the requirement of the preceding paragraph, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

#### **Article 8 (Election Method)**

The Company’s directors shall be duly elected by means of accumulated balloting system. Each share is entitled to voting rights in number equal to the number of directors to be elected. Such voting right may be cast for a single candidate or split among several candidates.

The independent directors and non-independent directors shall be elected at the same time, with voting rights separately calculated for independent and non-independent director position. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

The independent directors shall be duly elected in accordance with the “Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies”, “Corporate Governance Best-Practice Principles for Financial Holding Companies” and the relevant requirements by the competent authority.

#### **Article 9 (Preparation of Ballots)**

The ballots shall be prepared by the Board of Directors and the format, contents and particulars to be filled in of the ballots shall be determined by the Board of Directors of the Company. Shareholders are not allowed to augment, delete or alter the ballots. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

The ballots must be cast into the ballot box designated by the chair.

#### **Article 10 (Ballot Counting and Vote Monitoring Personnel)**

Before the election commences, the chair shall designate several ballot counting personnel, and vote monitoring personnel with shareholder status to perform their respective duties.

The ballot box for the election shall be prepared by the Board of Directors and inspected by the vote monitoring personnel publicly prior to the voting.

#### **Article 11 (Method for Filling in the Ballot)**

Voters shall enter the account name or name of candidates, listed in the roster of director candidates, in the “candidate” column of the ballot. If the name of the candidate entered in the ballot is identical to that of another candidate, the voter should additionally fill in the sequence number of the candidate provided in the roster of director candidates to identify such individual.

According to the ballot format, the sum of voting right filled by voter himself/herself in the ballot shall not exceed the shareholder’s voting right. If the sum of voting right filled in the ballot is less than the shareholder’s voting right, the remaining voting right shall be deemed abstained.

#### **Article 12 (Invalid Ballot)**

In the event of any of the following circumstances, ballots shall become invalid:

1. The ballot was not prepared by the Board of Directors.
2. The ballots cast into the ballot box remain blank.
3. The ballots are not cast into the ballot box designated by the chair.
4. The name of candidate filled in the ballot is inconsistent with the name of candidates listed in the roster of director candidates published by the Company.
5. The ballots are not filled in accordance with the stipulation prescribed in paragraph 1 of the Article 11, or there are other graphic or marks written on or attached with the ballots.
6. The writing is unclear and indecipherable or has been altered.
7. The sum of voting rights assigned to candidates exceeds the total number of voting rights allocated to such voter.

**Article 13 (Ballot Counting and Custody)**

The ballots shall be counted on site upon the completion of the voting process. The ballot counting result shall be announced by the chair on site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the vote monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

**Article 14 (Matters not Specified in these Rules)**

Matters not addressed by these Articles shall be governed by the Company Act, other applicable laws and regulations, and the Company's Articles of Incorporation.

**Article 15 (Approval Hierarchy of these Rules)**

These Rules shall be enforced upon resolution of the shareholders' meeting. The same shall apply where these Rules are amended or discarded.

## Appendix 4

### Mega Financial Holding Co., Ltd. Shareholding of Directors

Book closure date: April 23, 2024

Position	Name	Shareholding (shares)	Percentage
Chairman	Chung-Dar Lei (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	Yu-Mei Hsiao (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	Pei-Chun Chen (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	Yih-Juan Wu (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	Po-Cheng Chen (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	I-Kan Chiu (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	To Be Redistributed (Representative of Ministry of Finance, R.O.C.)	1,180,992,939	8.20%
Director	Keh-Her Shih (Representative of National Development Fund, Executive Yuan, R.O.C.)	891,568,452	6.19%
Director	Hong-Mo Wu (Representative of Chunghwa Post Co., Ltd.)	517,633,693	3.59%
Director	Hui-Chuan Chen (Representative of Bank of Taiwan Co., Ltd.)	377,876,300	2.62%
Independent Director	Chang-Ching Lin	0	-
Independent Director	Hung-Ju Chen	0	-
Independent Director	Ying Wu	0	-
Independent Director	Tsai-Jyh Chen	0	-
Independent Director	Chi-Chang Yu	0	-
Number of the shares held by all directors:		2,968,071,384 shares	20.60 (%)
Minimum number of directors' shareholding required by the FSC:		160,000,000 shares	1.11

Note: As the Company has established the Audit Committee, the minimum shareholding requirements for supervisors shall not apply.