

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.