



Hua Nan Financial Holdings Co., Ltd.
Handbook for 2022 Annual General Shareholders' Meeting

(Physical Meeting)

Time: 9:00 a.m. on Friday, June 17, 2022.

Venue: No. 123, Songren Rd., Xinyi District, Taipei City.

If there is any discrepancy between English version and Chinese version, the Chinese version shall prevail.

Hua Nan Financial Holdings Co., Ltd. 2022 Annual General Shareholder s' Meeting Agenda

Time: 9 AM, Friday, June 17, 2022.

Location: No. 123, Songren Road, Xinyi District, Taipei City

1. Report the number of shares in attendance and announcement of the opening of the meeting.
2. Chairman's welcoming remarks.
3. Management Presentation (Company Reports):
 - (1) The Company's 2021 business report.
 - (2) The Audit Committee's review report on the 2021 Financial Statements.
 - (3) The Company's Report on Remuneration Distribution of Directors and Employees for 2021.
4. Matters for Ratification:
 - (1) Ratification of the 2021 business report and financial statements.
 - (2) Ratification of the Distribution of 2021 Profits.
5. Discussion and Election Matters:
 - (1) Amendments to the Rules of Procedure for the Shareholders' Meeting.
 - (2) Amendments to the Company's Procedure for the Acquisition or Disposal of Assets.
 - (3) Issue new shares through capitalization of the 2021 earnings.
 - (4) Election of 8th term of the Board of Directors.
 - (5) Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business.
6. Questions and Motions
7. Adjournment

Report No.1

Report: The Company's 2021 business report.

Details:

Please refer to pages 4 to 9 of this Handbook for the 2021 Annual Business Report.

Report No.2

Report: The Audit Committee's review report on the 2021 Financial Statements.

Details:

Please refer to pages 10 to 11 of this Handbook for the auditor's report and financial statements for 2021.

Report No.3

Report: The Company's Report on Remuneration Distribution of Directors and Employees for 2021.

Details:

- I. To be executed pursuant to Article 235-1 of the Company Act and Article 36 of the Company's Article of Incorporation.
- II. The Company's 6th interim meeting of the 7th Board of Directors passed resolution to distribute remuneration to Directors NTD 173,638,869 and Employee's compensation NTD 18,845,907, all of which will be distributed by cash.

Matters for Ratification (1)

Proposed by the Board of Directors

Proposal: Ratification of the 2021 business report and financial statements.

Details:

The company's 2021 business report and financial report have been approved by all members of the Company's Audit Committee and passed in the 6th interim meeting of the Company's 7th Board of Directors. The financial report has been audited and certified by CPAs I-Chun Wu and Ding-Sheng Chang of Deloitte & Touche and are hereby submitted for ratification.

Please refer to pages 4 to 23 of this Handbook for the 2021 Annual Business.

Resolution:

Hua Nan Financial Holdings Co., Ltd.

2021 Business Report

I.Domestic and International Finance Environment in 2021

In 2021, although the COVID-19 pandemic was prolonged globally, as the vaccination regimen was rolled out in each country and the infusions from monetary and fiscal policies, the economy started to recover. With the unbalanced recoveries among various countries and the restructuring and interruptions of global supply chains, the commodity prices were pushed higher. The key international institutions (IMF, World Bank, OCED, among others) released the 2021 global economic growth rate to be between 5.5%~5.9%, emerging from the negative growth seen in 2020 and indicating that the global economy has been stabilized gradually. However, it will take time for the supply chains to recover and thus the inflation expectations were pushed up and the major stock markets and yields of bonds likewise went up. Consequently, the Federal Reserve (Fed) stopped purchasing debt papers and prepared to enter the cycle of rising rates.

Based on the statistics of the Directorate General of Budget, Accounting and Statistics, Executive Yuan on February 24, 2022, it expected that the full-year economic growth rate of Taiwan in 2021 would be 6.45% or 3.09 percentage points higher than 3.36% in 2020. The main reasons include that Taiwan has been successful in the pandemic containment and the demands of emerging technologies extended, driving the continuously active exports from Taiwan and investments. While the Level 3 alert in May affected the domestic demands, with the government revival stimulus and five-time coupons, the full-year consumption was stable and resulted in the new highs of GDP growth in recent years.

For the finance industry, the 2021 profit of the finance industry as a whole was NT\$936.6 billion (the unit is identical hereafter), up by 38.7% from 2020 and reached a new historic high in the finance industry. Of these, the banking sector was mainly benefitted from the continuously increasing lending volume that drove the increased net interest incomes and decreased provision for NPL, resulting in a 4% increase of net profit from 2020. In terms of securities brokers and insurers, they were benefitted from the ample liquidity as both price and volume of Taiwan equities went higher and the average daily trading volume in the market was NT\$471.6 billion, up by 88% from 2020; the 23.66% surge of the TWSE also increased the income from brokerage service fees and net gains of investment and the overall profit grew by 80.3% and 88.5% from 2020, respectively.

II.Business Plan and Results of Business Strategies

In 2021, the Group was impacted by the aforesaid evolutions of the domestic and international financial situations and the following measures were taken as responses: (I) the pandemic countermeasures were taken in a rolling method depending on the development of pandemic; the digital financial services were enhanced, the pandemic containment policies were launched, to protect the health of clients and employees. (II) The lending to SMEs was enhanced to cope with the government relief packages and five-time coupons. (III) Stabilized the securities order placing system and information security as the trading volume of the TAIEX went higher. (IV) Recruiting talents from the private sectors, to enhance the business development of the subsidiaries. (V) Caught the bull market timing, to increase income from service fees and operations. (VI) Emphasized environment, social and corporate management (ESG)) and the green energy development, as the fulfillment of CSR.

In 2021, the Company's net profit after tax was NT\$17.206 billion, EPS was NT\$ 1.30 and ROE was 8.82%, respectively. The profit reached new record highs. The net profit after tax of the subsidiary Hua Nan Commercial Bank was NT\$ 14.594 billion, the annual increase rate of the deposit and loan balance was 12.6% and 11.3%, respectively, and the scale of NT\$

current deposit ranked 3rd in the industry. The balance of loans for small and medium-sized enterprises increased by NT\$9.39 billion year on year, with double digit growth two years in row with vigorous business momentum. The overdue loan rate was 0.15%. The coverage rate of bad debts was 826.9% and the asset quality was still excellent. The net profit after tax of Hua Nan Securities was NT\$2.524 billion; the growth and business volume of the brokerage service fee income grew nearly 70% year on year, the income of proprietary business grew 13.9% and the market share of the brokerage was 3.26%, ranked 9th among the peers. The net profit after tax of South China Insurance was NT\$900 million, up by 86.7% mainly because the fund utilization outperformed as much as NT\$676 million; the income of the insurance policy premium was NT\$11.065 billion with an annual growth of 9.3% and market share was 5.35%, ranking 7th among the peers.

The Group continues to improve and work hard in corporate governance, green finance, environmental sustainability, corporate social responsibility, digital innovations in financial services, and high-quality consumer products. The main achievements in 2021 are explained below:

i.Strengthened the Management

A.Capital adequacy ratio: The Group's capital adequacy ratio at the end of 2021 was 122.18%. HNCB's capital adequacy ratio was 14.16%, with a Tier 1 capital adequacy ratio of 12.00%, which conforms to the legal capital standard.

B.Corporate governance: The Company was included in 6%~20% bracket in the (8th) Corporate Governance Evaluation formed by the Taiwan Stock Exchange in 2021. The Company was also selected for inclusion in the“FTSE4Good Emerging Index”, “Taiwan Sustainability Index”, "Corporate Governance 100 Index Constituent Stocks", "Taiwan HC100 Index", and "Taiwan RAFI EMP 99 Index" respectively

C.The international investment rating institutions rated the Company’s promotion of ESG and the outcomes are as follows: From the evolutions of the rating in the past two years, it is seen that the Company has a robust growth for promotion of ESG.

Assessed Institution	Evaluation Period		Changes
	December 2021	October 2020	
Sustainalytics ESG Risk Score (100-0, 0 is the best)	22.23	25.65	↑
MSCI ESG Rating (AAA-CCC, AAA is the best)	A	A	-
FTSE Russell ESG Rating (0-5, 5 is the best)	3.5	3.3	↑
ISS ESG Rating (1-10, 1 is the best)	2	2	-
ISS CSR Rating (1-10, 1 is the best)	3	3	-

D.Risk management:

The regular meetings of the Group’s Risk Management Committee and Asset and Liability Management Committee are convened to implement the management mechanism of risk limits, optimize the Group’s(substantial) stakeholder system and enhance the market VaR system of the Group.

E. Legal compliance:

- a. The Group convened meetings and forums for Legal Compliance Committee at regular intervals:

To effectively advance the Group's compliance operations, the Group's Legal Compliance Committee effectively supervises all companies to pay attention to changes in the domestic and foreign regulatory environment and give a timely response.

- b. Implementing key compliance matters of the Group:

To ensure and implement the Group's key regulations and the applicable universal regulations, the Company has prepared the provisions concerning standard compliance and the group-level files in order to control legal compliance risks effectively. For instance, the Group's measures for assessing the moneylaundry risk are used to control the Group's money laundry and terrorism financing risks effectively. The Company is also committed to protecting personal data. In addition to the establishment of group policies, the Company also uses personal data protection meetings and international certifications to ensure the effectiveness of personal data protection management.

- c. Establishment of the Legal Compliance System Optimization of the Group:

The Group intensified real-time and regular online reporting and manages the legal compliance and effectiveness of the Group's business activities by optimizing the data submission system. In addition, the anti-money laundering information sharing platform of the Group is used for comparison, review, confirmation, transmission, and usage of the Group's AML information to effectively offset the Group's money laundering and terrorism financing risks effectively.

- d. Ensure the integrity of the Group's compliance:

For the key laws and regulations applicable to the overall Group, the companies in the Group are supervised to analyze and report on the effects of each amendment drafts from the competent authority and the companies in the Group are urged to schedule the regulation inventory, to ensure the operations and management regulations of them to cope with the related laws and regulations and be updated timely and thus it is ensured that the companies in the Group to respond the changes in laws and regulations timely and comply with such effectively.

ii. Strengthened Cross-Selling

A. Group cross-selling benefits: The achievement rate of the Group's cross-selling business operations as the amount of contribution to income was 197% in 2021.

B. Build financial ecological circle by cyber-physical integration: The financial ecosystem is built by the integration of online and offline: to respond to the trend of digital finance, by linking the online and offline channel services, the business connection among the intra-group clients is completed and by the continuous promotion of joint-marketing business, the synergies of cross-sector marketing of the Group are exerted.

C. Strengthen the Group's Cross-Selling Businesses: The three emphases, including "one-stop shopping service to clients by integrating the Group's resources," "sharing the promotion experience, explaining and analyzing target clients by the product companies" and "establishing the rapid supporting windows and service process of the product companies," integrate the channel resources, to enhance the joint marketing volume, to develop positively.

iii. Promoted Digital Finance

A. Develop FinTech Patents: As of the end of 2020, the Group obtained 147 FinTech patents in mobile platforms, big data, artificial intelligence, security and control

mechanisms, and biometrics.

B.Create Smart Financial Products:

Each subsidiary of Hua Nan Group actively offers the smart financial products meeting clients' demands. Of which, HNCB has launched the App specifically for the SnY digital account and allowed the minorities to open accounts online, AI smart customer service, AI smart wealth management, the first conversational AI mobile banking, financial blockchain information system, withdrawal, transfer and mobile payment with facerecognition; Hua Nan Securities has launched the AI smart equity selection; South China Insurance has built the AI group insurance quotation system. The financial services become more efficient via the technological approaches.

C.Boost the application of big data business: The Group established a level digital financial promotion team and cultivated more than ten data analysts. It established models via machine learning algorithms and applied them to the business. In 2020, it launched a total of 15 themed analysis outputs and 17 files concerning scenario marketing activities which were increased double times compared with that in 2021.

iv.Corporate Social Responsibility

A.Promote charitable activities:

a.The first priority of the Company in terms of the public welfare are the engagement in public welfare, promotion of knowledge, sports development and art and cultural creations. In 2021, the public welfare event sponsored included "Excellent Hua Nan Care for the Elderly," "President Ing-Wen Tsai and High School Students Face-to-Face Forum," "2021 Hua Nan Financial Holdings Cup Junior Baseball Championship Games," "Hua Nan Financial Holdings Cup Youth Baseball Championship Games," "Grassroots Baseball Cultivation Fund," "Dreams-Come-True Baseball Camp," "2021 Uniform Tax Receipt Cup Road Race of the Ministry of Finance," funding for the national team training and league matches organized by the Chinese Taipei Football Association and training expenses and incentives for gymnasts, Chih-Kai Lee and the coach, Yu-Hsin Lin.

b.The Company has always supported sports activities and received the "Sports Activists Awards" of the Sports Administration of the Ministry of Education in 2020. It was the Company's ninth such award and the third consecutive award for Gold Sponsorship, Long Term Sponsorship, and Promotional Bronze Awards.

B.Promotion of responsible finance:

a.The subsidiary, HNCB, has established the customized offerings like the "Preferential Mortgage for Buying (Building) Green Buildings," "Financing for Account Receivables from Power Sales of Solar Energy," "Financing for Account Receivables for Suppliers of EV Industry Supply Chain," "Preferential Loans for Upgrading Industrial Boilers," "Green Energy Project Loans in the Partner Cities/Countries," "Project Loans for the Working Funds for Construction of Solar Energy Power Generating Equipment" and "Preferential Loans for Urban Renewal Business." As of the end of December, 2021, the proceed inclusive finance cases with social or environment benefits were 67, totaled NT\$1.712 billion.

b.The subsidiary, HNCB issued the PGO credit card on July 1, 2020, to offer incentives to the cardholders to ride the electronic scooters. As of end of December 2021, 10,784 cards were issued.

c.The subsidiary, HNCB issued the green bonds for NT\$1 billion on July 28, 2021 again. Total balance of the investment in the green bonds was NT\$12.6 billion, NT\$800 million for the SR bonds and NT\$500 million for the sustainable development bonds.

d.The subsidiary, Hua Nan Venture Capital joined the investment in solar energy power station for total capacity of 30 MW by Chiada International Development. Upon the completion of the project, it is expected to generate 39 million kWh of green power every year and to reduce 30,000 tons of CO2 emission.

III.Budget Implementation, Financial income, and Profitability Analysis

In 2021, the Company and its subsidiaries generated consolidated net income after tax of NT\$ 17.206 billion with an after-tax EPS of NT\$1.30. The consolidated return on assets (ROA) was 0.62% and the consolidated ROE was 8.82%. Profitability of subsidiaries was as follows:

i.Hua Nan Commercial Bank

In 2021, the net income after tax was NT\$14.594 billion with an after-tax EPS of NT\$1.61. The ROA was 0.46% and the ROE 7.08%.

ii.Hua Nan Securities

In 2021, the net income after tax was NT\$2.524 billion, with an after-tax EPS of NT\$ 3.86. The ROA was 4.47% and the ROE 25.58%.

iii.South China Insurance

In 2021, net profit after tax was NT\$ 900 million with an after-tax EPS of NT\$ 4.50, the return on assets was 3.92%, and the return on equity was 13.95%.

Hua Nan Financial Holdings Condensed Financial Statements of 2021

Company	2021 NPAT(Audited)	2021 NPAT (Budget)	2020 NPAT(Audited)	EPS	ROE
Hua Nan Financial Holdings	NT\$ 17.206 billion	NT\$12.7 billion	NT\$8.653 billion	NT\$ 1.30	8.82%
Hua Nan Bank	NT\$ 14.594 billion	NT\$ 12.194 billion	NT\$ 12.461 billion	NT\$ 1.61	7.08%
Hua Nan Securities	NT\$2.524billion	NT\$735 million	NT\$(3.632) billion	NT\$ 3.86	25.58%
South China Insurance	NT\$900 million	NT\$680 million	NT\$482 million	NT\$ 4.50	13.95%
Hua Nan Investment Trust	NT\$(7)million	NT\$1 million	NT\$(136) million	NT\$(0.23)	(1.86)%
Hua Nan Venture Capital	NT\$26 million	NT\$18 million	NT\$122 million	NT\$ 0.13	1.50%
Hua Nan Assets Management	NT\$316 million	NT\$241 million	NT\$23 million	NT\$ 3.16	25.62%

IV.Economic Outlook and Development Strategies for 2022

Looking into 2022, although the disturbance from the pandemic is expected, the unbalanced supply chains will become moderate gradually as the economy recovers. The key international institutions (IMF, World Bank, OCED, among others) expect the global economic growth rate will be between 4.1%~4.5%. The potential risks including the variability of COVID-19 virus, if the inflation is in check, the pace of Fed raising the interest and tapering, geopolitical conflicts, weakening economy in China, climate changes and trend of carbon reduction, as well as the concern of financial asset bubble.

In Taiwan, thanks to the proper control over the pandemic, and catching of the opportunities of the restructure of global supply chains, investments from the returned Taiwanese companies, expected pipelines for new emerging technologies and the advantages of the advanced process in the domestic semiconductor industry leading the active expansion of plants and accelerated investments, the active export is expected to be helped. With the penetrated vaccination measures and salary hikes, the private consumption is likely to be stronger. The Directorate General of Budget, Accounting and Statistics, Executive Yuan forecasts that the economic growth rate in 2022 will be 4.42%, still strong.

In response to the aforementioned political and economic situation, the Group's business strategy for 2022 focuses on the following parts:

i.Diversifying income sources: The core business of lending will enhance the lending to

SMEs and foreign currency loans, to secure the spreads and asset quality, while increasing the incomes from service fees and financial trading.

- ii. Increasing the profit proportion of other subsidiaries: to diversify and balance profits, the Group will strengthen the profit growth of Hua Nan Securities and South China Insurance. This year, the profit contribution of the two subsidiaries should be more than 15%.
- iii. Expanding marketing business: Increasing the Group's products held by the clients and intra group business by applying the point-accumulation mechanism; establishing the co-benefit and co-prosperity eco-system via the point redemption platform and cross-industry alliance, to exert the synergies of the Group's joint marketing and become the long-term partner of clients.
- iv. Developing digital finance: The service philosophy of getting close to clients' hearts and creating zero-distance." Establishing the data-oriented culture with the core of big data, for the digital financial applications integrating AI and API and further to implement the cross-field collaboration, shared data, for clients to navigate in the AI smart financial life.
- v. Strengthening risk management: Continuously deepening the applications of various risk quantification model tools, enhancing the evaluations of financial products and signing and introducing the Task Force on Climate-related Financial Disclosures (TCFD) architecture as the cooperation with the specific implementation program of MOF's ESG initiative platform, to review the impact of the climate changes on operations.
- vi. Deepening the fintech: aligning with the Group's digital finance development, the convenience of trading is increased, the digitized service platforms are built actively, the data architecture is optimized and the digitized operating processes are promoted to improve the financial service model, through the internet and mobile devices.
- vii. Carrying through ESG spirit: In addition to continuously strengthening corporate governance, fulfilling corporate social responsibility and striving for environmental sustainability, the Group has taken TCFD (Task Force on Climate-related Financial Disclosure) and SASB (Sustainable Accounting Standards Board) into consideration in operational decision-making in accordance with the Corporate Governance 3.0-Blueprint for Sustainable Development and Green Finance Action Plan 2.0 of the Financial supervision committee. It also has adhered to ESG spirit when undertaking business, gradually undertaken the responsibility of investment and financing, and continuously assisted industries of green energy technology and circular economy in sustainable operation.

The Group will follow the market conditions, to grasp the trend of the interest rate rising cycle, to adjust the operating strategies flexibly, enhancing the capital structure, to improve the three pillars of profit and the overseas business, while continuing the integration of the Group's resources and balancing the profit contributions of the Group. While the economic outlook for 2022 is optimistic, the aforesaid potential variables still risky. The Group will stay very prudentially and face the challenges without rush or fear and look into another outperformance that generates better feedback to all shareholders, employees and clients.

Hua Nan Financial Holdings Co., Ltd.
Audit Committee's Audit Report

The Company's Board of Directors prepared and submitted the 2021 business report and financial statements. The financial statements have been audited by Yi-Chun Wu, CPA, and Dien-Sheng Chang, CPA, of Deloitte & Touche Taiwan. The statements and reports prepared and submitted by the Board of Directors have been audited by the Audit Committee and no inconsistencies have been found. The Committee has prepared an Audit Report following unanimous agreement in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Hua Nan Financial Holdings Co., Ltd.
2022 Shareholders' Meeting

Hua Nan Financial Holdings Co., Ltd.
Kuei-Sen Wu, Convener of the Audit Committee

March 14, 2022

Hua Nan Financial Holdings Co., Ltd.
Audit Committee's Audit Report

The 2021 earnings distribution proposal prepared and submitted by the Board of Directors have been audited by the Audit Committee and no inconsistencies have been found. The Committee has prepared an Audit Report following unanimous agreement in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Hua Nan Financial Holdings Co., Ltd.
2022 Shareholders' Meeting

Hua Nan Financial Holdings Co., Ltd.
Kuei-Sen Wu, Convener of the Audit Committee

April 25, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hua Nan Financial Holdings Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, 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 Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, 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 Insurance Companies, the guidelines issued by the authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those regulations and 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 Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Impairment Loss of Discounts and Loans

As detailed in Note 5 to the consolidated financial statements, the Company and its subsidiaries' management assess the impairment loss of discounts and loans based on the assumptions about the probability of default and the loss given default. The Company and its subsidiaries uses judgment

in timely amending these assumptions and in adjusting the inputs to the impairment evaluation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Amending and adjusting key assumptions and inputs used are critical judgments and estimates and complied with the relevant laws and regulations. Therefore, the impairment loss of discounts and loans is identified as a key audit matter.

Please refer to Note 4 to the consolidated financial statements for the accounting policies related to impairment evaluation on discounts and loans, Note 5 for critical accounting judgments and key sources of estimation uncertainty, significant assumptions and input values used refer to Note 52 and Note 14 for related presentation and disclosure.

Our audit procedures performed in respect of the above key audit matter include understanding the methodology, key assumptions and parameter settings used by the management to measure the financial asset impairment model in accordance with International Financial Reporting Standard No.9. Assessing whether it is appropriate to reflect the actual situation of discounts and loans and whether the key assumptions and inputs used are reasonable and consistent with the calculation of expected credit losses. Obtain the information related to the evaluation of such financial assets by the management, test the completeness of the related information, and then select samples from the cases of discounts and loans to verify the accuracy of the calculation. In addition, confirm the classification and the provision of allowance for impairment loss complied with the relevant laws and regulations.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries 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 the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control 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 Company and its subsidiaries' 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 Company and its subsidiaries' 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Dien-Sheng Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

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

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

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 46)	\$ 42,752,408	1	\$ 37,562,976	1
DUE FROM THE CENTRAL BANK CALL LOANS TO AND OTHER BANKS (Notes 6, 7, 46 and 48)	237,798,118	7	223,421,083	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 46)	111,925,660	3	50,884,829	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9, 11 and 48)	327,146,365	10	241,125,406	8
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST, NET (Notes 4, 5, 10, 11 and 48)	609,544,831	18	613,905,747	20
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	2,449,190	-	959,220	-
RECEIVABLES, NET (Notes 4, 5, 13 and 46)	60,275,356	2	51,486,371	2
CURRENT TAX ASSETS (Notes 4, 44 and 46)	222,141	-	450,435	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 46)	1,985,934,147	57	1,784,641,366	58
REINSURANCE CONTRACTS ASSETS, NET	5,381,961	-	5,648,093	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4 and 15)	360,138	-	179,552	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 16 and 46)	21,025,010	1	35,667,659	1
INVESTMENT PROPERTIES, NET (Notes 4, 19 and 48)	12,117,002	-	11,411,897	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 17, 46 and 48)	32,390,449	1	31,777,373	1
RIGHT-OF-USE ASSETS (Notes 3, 4, 18 and 46)	1,960,405	-	1,987,287	-
INTANGIBLE ASSETS, NET (Notes 4 and 20)	942,413	-	933,108	-
DEFERRED TAX ASSETS (Notes 4 and 44)	3,571,080	-	3,432,040	-
OTHER ASSETS, NET (Notes 4, 21, 46 and 48)	<u>5,157,244</u>	<u>-</u>	<u>5,607,796</u>	<u>-</u>
TOTAL	<u>\$ 3,460,953,918</u>	<u>100</u>	<u>\$ 3,101,082,238</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER rBANKS (Notes 22 and 46)	\$ 121,391,552	3	\$ 120,918,211	4
FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 49)	34,478,600	1	19,091,190	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	3,427,549	-	7,475,164	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10 and 25)	26,305,596	1	41,957,804	1
COMMERCIAL PAPER PAYABLE, NET (Notes 24 and 47)	19,305,630	1	15,578,122	1
PAYABLES (Note 26)	44,198,933	1	40,262,838	1
CURRENT TAX LIABILITIES (Notes 4, 44 and 46)	2,517,810	-	2,617,347	-
DEPOSITS AND REMITTANCES (Notes 27 and 46)	2,835,359,989	82	2,524,483,706	82
BONDS PAYABLE (Notes 28 and 47)	67,891,382	2	60,688,999	2
OTHER BORROWINGS (Notes 29 and 47)	2,340,340	-	1,490,500	-
PROVISIONS (Notes 4, 30 and 31)	22,986,431	1	23,747,147	1
OTHER FINANCIAL LIABILITIES (Notes 32 and 46)	56,902,334	2	39,388,701	1
LEASE LIABILITIES (Notes 3, 4, 18, 46 and 47)	1,984,400	-	1,954,177	-
DEFERRED TAX LIABILITIES (Notes 4 and 44)	6,100,474	-	6,140,434	-
OTHER LIABILITIES (Notes 4, 33 and 46)	<u>15,056,091</u>	<u>-</u>	<u>5,883,733</u>	<u>-</u>
Total liabilities	<u>3,260,247,111</u>	<u>94</u>	<u>2,911,678,073</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT (Notes 4 and 34)				
Share capital				
Ordinary shares	<u>131,941,450</u>	<u>4</u>	<u>128,547,788</u>	<u>4</u>
Capital surplus	<u>17,758,986</u>	<u>1</u>	<u>17,758,986</u>	<u>1</u>
Retained earnings				
Legal reserve	18,593,434	-	17,837,809	1
Special reserve	6,471,594	-	6,471,594	-
Unappropriated earnings	<u>19,658,539</u>	<u>1</u>	<u>9,340,889</u>	<u>-</u>
Total retained earnings	<u>44,723,567</u>	<u>1</u>	<u>33,650,292</u>	<u>1</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(3,691,240)	-	(3,060,523)	-
Gain on equity instruments at fair value through other comprehensive income	12,337,960	-	9,785,036	-
Gain or loss on in debt instruments at fair value through other comprehensive income	(2,676,360)	-	2,531,748	-
Reclassified other comprehensive income on application of overlay approach	<u>310,358</u>	<u>-</u>	<u>188,835</u>	<u>-</u>
Total other equity	<u>6,280,718</u>	<u>-</u>	<u>9,445,096</u>	<u>-</u>
Total equity attributable to owner of the parent	200,704,721	6	189,402,162	6
NON-CONTROLLING INTERESTS	<u>2,086</u>	<u>-</u>	<u>2,003</u>	<u>-</u>
Total equity	<u>200,706,807</u>	<u>6</u>	<u>189,404,165</u>	<u>6</u>
TOTAL	<u>\$ 3,460,953,918</u>	<u>100</u>	<u>\$ 3,101,082,238</u>	<u>100</u>

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

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 35 and 46)	\$ 36,596,622	72	\$ 36,863,125	92	(1)
INTEREST EXPENSES (Notes 4, 35 and 46)	<u>(8,596,255)</u>	<u>(17)</u>	<u>(12,220,586)</u>	<u>(30)</u>	(30)
NET INTEREST	<u>28,000,367</u>	<u>55</u>	<u>24,642,539</u>	<u>62</u>	14
NET REVENUES OTHER THAN INTEREST					
Commission and fee revenues, net (Notes 4, 36 and 46)	12,282,907	24	9,339,079	23	32
Income from insurance premiums, net (Notes 4 and 37)	3,827,698	7	3,516,581	9	9
Loss on financial assets and liabilities at fair value through profit or loss, net (Notes 4, 8, 38 and 46)	(2,185,118)	(4)	(11,757,397)	(29)	(81)
Gain on investment properties, net (Note 19)	536,797	1	506,672	1	6
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 39)	3,683,984	7	3,389,629	8	9
Gain on derecognition of financial assets at amortized cost (Notes 4 and 10)	8,374	-	7,311	-	15
Foreign exchange gain, net (Notes 4 and 40)	4,699,693	9	9,949,796	25	(53)
Impairment (loss) reversal gain on assets (Notes 4 and 11)	(20,287)	-	35,325	-	(157)
Share of associates accounted for using the equity method (Notes 4 and 15)	12,420	-	8,667	-	43
Loss on overlay approach (Notes 4, 8 and 11)	(120,744)	-	(48,971)	-	147
Other non-interest income, net (Notes 4 and 46)	<u>346,447</u>	<u>1</u>	<u>375,293</u>	<u>1</u>	(8)
Total net revenues other than interest	<u>23,072,171</u>	<u>45</u>	<u>15,321,985</u>	<u>38</u>	51

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
TOTAL NET REVENUE	\$ 51,072,538	100	\$ 39,964,524	100	28
ALLOWANCE FOR DOUBTFUL ACCOUNTS, COMMITMENT, AND GUARANTEES (Notes 4, 13 and 14)	(2,749,701)	(6)	(2,061,723)	(5)	33
CHANGE IN PROVISIONS FOR INSURANCE LIABILITIES, NET (Notes 4 and 30)	(692,380)	(1)	(911,675)	(2)	(24)
OPERATING EXPENSES (Notes 31, 41, 42, 43 and 46)					
Employee benefits	(18,443,265)	(36)	(16,493,790)	(41)	12
Depreciation and amortization	(2,127,717)	(4)	(2,185,685)	(6)	(3)
Others	(7,522,748)	(15)	(7,121,846)	(18)	6
Total operating expenses	(28,093,730)	(55)	(25,801,321)	(65)	9
NET PROFIT BEFORE INCOME TAX	19,536,727	38	11,189,805	28	75
INCOME TAX EXPENSE (Notes 4 and 44)	(2,330,406)	(4)	(2,536,322)	(6)	(8)
NET PROFIT FOR THE YEAR	17,206,321	34	8,653,483	22	99
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 8, 34 and 44)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(188,415)	-	(356,586)	(1)	(47)
Gain or loss on investments in equity instruments at fair value through other comprehensive income	3,371,393	6	(318,235)	(1)	1,159
Income tax relating to items that will not be reclassified subsequently to profit or loss	37,248	-	70,981	-	(48)

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations	\$ (630,717)	(1)	\$ (1,756,289)	(4)	(64)
Gain or loss on investments in debt instruments at fair value through other comprehensive income	(5,242,674)	(10)	1,195,438	3	(539)
Gain on other comprehensive income reclassified by overlay approach	120,744	-	48,971	-	147
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>35,345</u>	<u>-</u>	<u>(13,555)</u>	<u>-</u>	361
Other comprehensive loss for the year	<u>(2,497,076)</u>	<u>(5)</u>	<u>(1,129,275)</u>	<u>(3)</u>	121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 14,709,245</u>	<u>29</u>	<u>\$ 7,524,208</u>	<u>19</u>	95
NET PROFIT ATTRIBUTABLE TO:					
Owner of the parent	\$ 17,206,199	34	\$ 8,653,353	22	99
Non-controlling interests	<u>122</u>	<u>-</u>	<u>130</u>	<u>-</u>	(6)
	<u>\$ 17,206,321</u>	<u>34</u>	<u>\$ 8,653,483</u>	<u>22</u>	99
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owner of the parent	\$ 14,709,075	29	\$ 7,524,039	19	95
Non-controlling interests	<u>170</u>	<u>-</u>	<u>169</u>	<u>-</u>	1
	<u>\$ 14,709,245</u>	<u>29</u>	<u>\$ 7,524,208</u>	<u>19</u>	95
EARNINGS PER SHARE (Note 45)					
Basic and diluted	<u>\$ 1.30</u>		<u>\$ 0.66</u>		

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

(Concluded)

Hua Nan Financial Holdings Co., Ltd.

Balance Sheets
December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Assets	2021	2020	Liabilities	2021	2020
Cash and cash equivalents	\$ 404,115	\$ 285,517	Commercial paper payable, net	\$ 13,092,214	\$ 12,894,905
Financial assets at fair value through other comprehensive income			Payables	2,430,090	1,762,313
Receivables, net	1,237,466	836,957	Current tax liabilities	1,951,598	1,694,584
Current tax assets	135,839	135,837	Bonds payable	16,991,382	16,988,999
Investments accounted for using equity method, net	2,187,086	1,930,416	Provision	58,242	55,260
Property and equipment, net	231,243,218	219,575,026	Lease liabilities	127,426	175,740
Right-of-use assets	12,148	24,328	Other liabilities	<u>677</u>	<u>280</u>
Intangible assets, net	126,838	175,728	Total liabilities	<u>34,651,629</u>	<u>33,572,081</u>
Deferred tax assets	6,632	7,626			
Other assets, net	2,808	2,808	Equity		
	<u>200</u>	<u>-</u>	Share capital		
			Ordinary shares	<u>131,941,450</u>	<u>128,547,788</u>
			Capital surplus	<u>17,758,986</u>	<u>17,758,986</u>
			Retained earnings		
			Legal reserve	18,593,434	17,837,809
			Special reserve	6,471,594	6,471,594
			Unappropriated earnings	<u>19,658,539</u>	<u>9,340,889</u>
			Total retained earnings	<u>44,723,567</u>	<u>33,650,292</u>
			Other equity		
			Exchange differences on translating the financial statements of foreign operations	(3,691,240)	(3,060,523)
			Gain or loss on equity instruments at fair value through other comprehensive income	12,337,960	9,785,036
			Gain or loss on debt instruments at fair value through other comprehensive income	(2,676,360)	2,531,748
			Reclassified other comprehensive income on application of overlay approach	<u>310,358</u>	<u>188,835</u>
			Total other equity	<u>6,280,718</u>	<u>9,445,096</u>
			Total equity	<u>200,704,721</u>	<u>189,402,162</u>
Total	<u>\$ 235,356,350</u>	<u>\$ 222,974,243</u>	Total	<u>\$ 235,356,350</u>	<u>\$ 222,974,243</u>

Hua Nan Financial Holdings Co., Ltd.

Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021	2020
REVENUES		
Interest revenue	\$ 2,026	\$ 5,201
Share of profit of subsidiaries and associates	17,977,023	9,318,703
Other non-interest income, net	<u>32,583</u>	<u>57,001</u>
Total revenues	<u>18,011,632</u>	<u>9,380,905</u>
OPERATING EXPENSES AND LOSSES		
Interest expenses	(232,043)	(266,328)
Employee benefits	(397,661)	(271,862)
Depreciation and amortization expenses	(73,904)	(73,237)
Other operating expenses	<u>(101,825)</u>	<u>(116,241)</u>
Total operating expenses and losses	<u>(805,433)</u>	<u>(727,668)</u>
NET PROFIT BEFORE INCOME TAX	17,206,199	8,653,237
INCOME TAX BENEFIT	<u>-</u>	<u>116</u>
NET PROFIT FOR THE YEAR	<u>17,206,199</u>	<u>8,653,353</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(2,174)	(1,680)
Share of other comprehensive income or loss of subsidiaries and associates accounted for using the equity method	2,784,595	(748,682)
Gain or loss on equity instruments at fair value through other comprehensive income	400,509	75,503
Income tax of items that will not be reclassified subsequently to profit or loss	37,248	70,980
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income or loss of subsidiaries and associates accounted for using the equity method	(5,752,647)	(511,880)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>35,345</u>	<u>(13,555)</u>
Total other comprehensive loss for the year	<u>(2,497,124)</u>	<u>(1,129,314)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 14,709,075</u>	<u>\$ 7,524,039</u>
EARNINGS PER SHARE		
Basic and diluted	<u>\$1.30</u>	<u>\$0.66</u>

HUA NAN FINANCIAL HOLDINGS CO., LTD.

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

	Other Equity														
	Share Capital Capital Stock	Share Premium	Capital Surplus				Retained Earnings				Exchange Differences on Translating Foreign Operations	Gain or Loss on Investment in Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Gain or Loss on Investments in Debt Instruments Measured at Fair Value Through Other Comprehensive Income	Gain or Loss on Other Comprehensive Income Due to the Adoption of Overlay Approach	Total
			Treasury Stock	Donated Assets	Others	Total	Legal Reserve	Special Reserve	Unappro- priated Earnings	Total					
BALANCE AT JANUARY 1, 2020	\$ 121,727,402	\$ 17,702,376	\$ 52,349	\$ 2,936	\$ 1,325	\$ 17,758,986	\$ 16,322,174	\$ 6,471,594	\$ 16,941,042	\$ 39,734,810	\$ (1,304,234)	\$ 9,291,816	\$ 1,351,567	\$ 138,162	\$ 188,698,509
Appropriation of 2019 earnings															
Legal reserve	-	-	-	-	-	-	1,515,635	-	(1,515,635)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(6,820,386)	(6,820,386)	-	-	-	-	(6,820,386)
Stock dividends	6,820,386	-	-	-	-	-	-	-	(6,820,386)	(6,820,386)	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	8,653,353	8,653,353	-	-	-	-	8,653,353
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(285,601)	(285,601)	(1,756,289)	(318,278)	1,180,181	50,673	(1,129,314)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	8,367,752	8,367,752	(1,756,289)	(318,278)	1,180,181	50,673	7,524,039
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(811,498)	(811,498)	-	811,498	-	-	-
BALANCE AT DECEMBER 31, 2020	128,547,788	17,702,376	52,349	2,936	1,325	17,758,986	17,837,809	6,471,594	9,340,889	33,650,292	(3,060,523)	9,785,036	2,531,748	188,835	189,402,162
Appropriation of 2020 earnings															
Legal reserve	-	-	-	-	-	-	755,625	-	(755,625)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(3,406,516)	(3,406,516)	-	-	-	-	(3,406,516)
Stock dividends	3,393,662	-	-	-	-	-	-	-	(3,393,662)	(3,393,662)	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	17,206,199	17,206,199	-	-	-	-	17,206,199
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(151,168)	(151,168)	(630,717)	3,371,346	(5,208,108)	121,523	(2,497,124)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	17,055,031	17,055,031	(630,717)	3,371,346	(5,208,108)	121,523	14,709,075
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	818,422	818,422	-	(818,422)	-	-	-
BALANCE AT DECEMBER 31, 2021	<u>\$ 131,941,450</u>	<u>\$ 17,702,376</u>	<u>\$ 52,349</u>	<u>\$ 2,936</u>	<u>\$ 1,325</u>	<u>\$ 17,758,986</u>	<u>\$ 18,593,434</u>	<u>\$ 6,471,594</u>	<u>\$ 19,658,539</u>	<u>\$ 44,723,567</u>	<u>\$ (3,691,240)</u>	<u>\$ 12,337,960</u>	<u>\$ (2,676,360)</u>	<u>\$ 310,358</u>	<u>\$ 200,704,721</u>

Hua Nan Financial Holdings Co., Ltd.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 17,206,199	\$ 8,653,237
Adjustments for		
Depreciation expenses	72,107	72,538
Amortization expenses	1,797	699
Interest expenses	232,043	266,328
Interest income	(2,026)	(5,201)
Dividend income	(37,614)	(60,785)
Share of profit of subsidiaries and associates accounted for using the equity method	(17,977,023)	(9,318,703)
Gain on change in leasing contracts	-	(39)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(2)	80,168
Increase (decrease) in payables	658,314	(3,416)
Increase in provisions	808	3,326
Interest received	2,026	5,206
Dividend received	3,450,986	8,228,106
Interest paid	(232,351)	(289,341)
Income tax paid	<u>(275)</u>	<u>(26,886)</u>
Net cash generated from operating activities	<u>3,374,989</u>	<u>7,605,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments accounted for using equity method	-	(45,000)
Acquisition of property and equipment	(178)	(1,226)
Acquisition of intangible assets	(803)	(6,603)
Increase in other assets	<u>(200)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,181)</u>	<u>(52,829)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payables	200,000	(800,000)
Proceeds from corporate debentures	-	5,000,000
Repayments of corporate debentures	-	(4,900,000)
Repayment of the principal portion of lease liabilities	(59,173)	(60,457)
Increase in other liabilities	397	-
Cash dividends paid	<u>(3,396,434)</u>	<u>(6,806,523)</u>
Net cash used in financing activities	<u>(3,255,210)</u>	<u>(7,566,980)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,598	(14,572)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>285,517</u>	<u>300,089</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 404,115</u>	<u>\$ 285,517</u>

Matters for Ratification (2)

Proposed by the Board of Directors

Proposal: Ratification of Distribution of 2021 Profits.

Details:

- I. The Company's undistributed earnings at the beginning of 2021 was NTD(same here under) 1,785,083,929. After accounting for the 17,206,199,471 in net profits after current year taxes, remeasured amount in defined benefit plans of 151,167,671, and disposal of equity instruments measured at fair value through other comprehensive income was 818,420,955, the earnings shall be distributed as follows in accordance of the Article of Incorporation and related regulations (please refer to page 36 of this Handbook):
 - (I) Provision for legal reserve: 1,787,345,276.
(Pursuant to Article 237 of the Company Act and Ministry of Economic Affairs—Jan., 9, 2020-- Letter No. of Ching-shang-tzu-- 10802432410)
 - (II) Distribution of shareholder dividends--cash (0.78 per share):
A total of 10,291,433,077.
 - (III) Distribution of shareholder dividends--stock (0.34 per share):
A total of 4,486,009,280.
 - (IV) Ending undistributed earnings: 3,093,749,051.
 - (V) The current year's distribution is prioritized by the 2021 after-tax net profit.
- II. After the distribution proposal is passed in the annual general shareholder's meeting:
 - (I) Cash dividends:
The Board of Directors shall separately establish a distribution base day.
 - (II) Stock dividends:
Once the plan for capital increase is approved by the competent authority, the Board of Directors will be authorized to set the base date for the distribution of dividends.
- III. If the Company's shares in external circulation are subsequently changed due to re-acquisition, transfer or cancellation of its treasury stock or other reasons,

which impact the shareholder dividend ratio and dividend ratio, a proposal is to be submitted to authorize the Board of Directors to process the changes.

Resolution:

Hua Nan Financial Holdings Co., Ltd.
Statement of Earnings Distribution
2021

Unit: NTD

Undistributed earnings at the beginning of the period	1,785,083,929
Net profit after tax	17,206,199,471
Less: Remeasurements of defined benefit plans	151,167,671
Add: gain on disposal of equity instruments at fair value through other comprehensive income	818,420,955
The net profit after tax of this period plus items other than the net profit after tax of this period are included in the undistributed earnings of the current year	17,873,452,755
Appropriations	
Less: Legal reserve (10%)	1,787,345,276
Retained earnings available for distribution for this period	17,871,191,408
Allocation	
Shareholder dividends-cash (\$0.78 per share)	10,291,433,077
Shareholder dividends-stock (\$0.34 per share)	4,486,009,280
Ending undistributed earnings	3,093,749,051

Note: For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place and foremost account number until the total amount of cash dividends has been distributed.

Discussion and Election Matters (1)

Proposed by the Board of Directors

Proposal: Amendments to the Rules of Procedure for the Shareholders' Meeting.

Details:

- I. Processed in accordance with the amendment to the “Regulations Governing Content and Compliance Requirements for Shareholders’ Meeting Agenda Handbooks of Public Companies” promulgated on December 16, 2021, the Company hereby proposes to amend partial articles of the “Rules of Procedure for the Shareholders’ Meeting”. The main contents of the amendment are described below:
 - (I) For investors to the content of any proposals to be put forward at the Company’s regular shareholders’ meeting, the Company shall upload the shareholders’ meeting agenda handbook and the supplemental materials to the information disclosure website designated by the FSC thirty (formerly twenty-one) days before it is to convene a regular shareholders’ meeting, and shall change the disclosure website for uploading electronic files of reasons for proposals, explanatory materials, shareholders’ meeting agenda handbook, and supplemental materials from the original Market Observation Post System to the information disclosure website designated by the FSC. (Amended Article 3)
 - (II) Adding the date and times of amendment (Amended Article 20).
- II. Please refer to pages 28 to 44 of this Handbook for Comparison Table and Content of Article after Amendment of amended Rules of Procedure for the Shareholders’ Meeting.

Resolution:

Hua Nan Financial Holdings Co., Ltd.

Comparison Table for the Amendments of the Rules of Procedure for the Shareholders' Meeting

Content of Article after Amendment	Content of Article before Amendment.	Description
Article 3 (Convening shareholders meetings and shareholders meeting notices) Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the 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 or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the <u>shareholders meeting agenda and</u>	Article 3 (Convening shareholders meetings and shareholders meeting notices) Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the 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 or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda <u>and</u> supplemental meeting materials and upload them to	In order to facilitate investors to know the content of the resolutions of the company's ordinary shareholders' meeting as soon as possible, the general meeting of shareholders' procedures manual and supplementary materials are uploaded to the information reporting website designated by the FSC 30 days before the ordinary shareholders' meeting (original 21 days before), and the resolutions will be submitted by , The reporting website for electronic files such as explanatory materials, procedure manuals, meeting supplementary materials, etc., has been revised from Market Observation Post System(MOPS) to the information reporting website designated by the FSC. For investors to the content of any proposals to be put forward at the Company's regular shareholders' meeting, the Company shall upload the shareholders' meeting agenda handbook and the supplemental materials to the information disclosure website specified by the FSC thirty

Content of Article after Amendment	Content of Article before Amendment.	Description
<u>supplemental meeting materials</u> and upload them to <u>the website designated by FSC.</u> In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby. 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: For physical shareholders meetings, to be distributed on-site at the meeting. For hybrid shareholders meetings, to be distributed on-	the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of	(formerly twenty-one) days before it is to convene a regular shareholders' meeting, and shall change the disclosure website for uploading electronic files of reasons for proposals, explanatory materials, shareholders' meeting agenda handbook, and supplemental materials from the original Market Observation Post System to the information disclosure website specified by the FSC.

Content of Article after Amendment	Content of Article before Amendment.	Description
site at the meeting and shared on the virtual meeting platform. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities	incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice. Where re-election of all	

Content of Article after Amendment	Content of Article before Amendment.	Description
Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal	directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided	

Content of Article after Amendment	Content of Article before Amendment.	Description
containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of	procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall	

Content of Article after Amendment	Content of Article before Amendment.	Description
shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	
Article 20 (Revision history) These Rules were drawn up on June 18, 2010.	Article 20 (Revision history) These Rules were drawn up on June 18, 2010.	The date and frequency of this revision are updated.

Content of Article after Amendment	Content of Article before Amendment.	Description
The first amended on June 22, 2012. The deletion of the relevant provisions on supervisors in these Rules shall take effect from the date of establishment of the Audit Committee. Second amended on June 14, 2019. <u>Third amended on June 17, 2022.</u>	The first amended on June 22, 2012. The deletion of the relevant provisions on supervisors in these Rules shall take effect from the date of establishment of the Audit Committee.	

Hua Nan Financial Holdings Co., Ltd.
The Rules of Procedure for the Shareholders' Meeting(After Amendments)

Article 1

To establish a strong governance system and sound supervisory capabilities for this Company's Shareholders Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Company Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies"

Article 2

The rules of procedures for the Company's Shareholders Meetings, except as otherwise provided by Taiwan law, regulation, or the Memorandum and Articles of Association, shall be as provided in these Rules.

Article 3 (Convening shareholders meetings and shareholders meeting notices)

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

This Corporation shall prepare electronic versions of the 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 or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the **shareholders meeting agenda and supplemental meeting materials** and upload them to **the website designated by FSC**. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporation 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:

For physical shareholders meetings, to be distributed on-site at the meeting.

For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in

discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 (Preparation of documents such as the attendance book)

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for

other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The chair and non-voting participants of a shareholders meeting)

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 vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders meetings should be attended by more than half of the directors of the board of directors.

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 chair from among themselves.

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

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

The Corporation shall make an uninterrupted audio or video recording of the shareholders meeting. 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.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time.

However, when the attending shareholders do not represent a majority of the total number of

issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. 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 may not be changed without a resolution of the shareholders meeting.

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

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

The chair 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 chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

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

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

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

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

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

exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

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

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

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.

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

If the chair has consulted with all the present shareholders and has no objection, the proposal will be deemed passed, and its effect is the same as voting by poll; In addition to the resolutions listed on the agenda, other resolutions proposed by shareholders or amendments or alternatives to the original resolutions shall be seconded by other shareholders.

When there is an amendment or an alternative to a proposal, the chair 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 chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Counting of votes shall be conducted in public at the shareholders' meeting, and the results of voting shall be announced on-site immediately and recorded.

Article 14 (Election of directors and supervisors)

The election of directors at a shareholders meeting shall be held in accordance with the rules for election of directors adopted by this Corporation, and the voting results shall be announced on-site immediately,

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 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the 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 chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of this Corporation.

The method in the preceding paragraph is that the chair has consulted the shareholders for their opinions, and if the shareholders have no objection to the proposal, it shall be recorded as "passed by the chair after consultation with all the shareholders present." proportional to the weights.

Article 16 (Public disclosure)

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

If matters put to a resolution at a shareholders meeting constitute material information under

applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

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

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

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

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

Article 18 (Recess and resumption of a shareholders meeting)

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

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

Article 19

These Rules shall implement after being approved by the shareholders' meeting, and the same shall apply to amendments.

Article 20 (Revision history)

These Rules were drawn up on June 18, 2010.

The first amended on June 22, 2012. The deletion of the relevant provisions on supervisors in these Rules shall take effect from the date of establishment of the Audit Committee.

Second amended on June 14, 2019.

Third amended on June 17, 2022.

Discussion and Election Matters (2)

Proposed by the Board of Directors

Proposal: Amendments to the Company's Procedure for the Acquisition or Disposal of Assets.

Details:

- I. Processed in accordance with the amendments to partial articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereafter the Regulations) by the Financial Supervisory Commission.
- II. The main contents of the amendment to the Company's Procedure for the Acquisition or Disposal of Assets(hereafter the Procedures) are described below:

(I) Improve the quality of the opinion issued by an expert:

1.To make clear the procedures and responsibilities that external experts should follow, the Regulations clearly stipulate that when issuing an appraisal report or opinion, in addition to the relevant working items currently required to be done when accepting and conducting cases, the external experts shall comply with the self-regulatory rules of the industry associations to which they belong. In addition, considering that the amended provisions have covered the working procedures to be executed for certified public accountants (CPAs) to issue opinions, the relevant provision that CPAs shall follow the Statements of Auditing Standards is thus deleted.

Because the Procedures have specified that the matters to be followed by the external experts are conducted in accordance with Paragraph 2, Article 5 of the Regulations, the content of the amendment is to delete the relevant provision that CPAs shall follow the Statements of Auditing Standards. (Amended Article 13, 14, and 15)

2.In addition, because the issuance of an appraisal report or opinion is not part of the audit work of the financial statements, the wording of “audit” a case is revised to “conduct” a case in the Regulations.

The wording in the Procedures is amended as appropriate in accordance with the Regulations. (Amended Article 6)

(II) Strengthen the management of related party transactions:

With reference to the regulations of major international capital markets, the Regulations is added that a public company or a subsidiary thereof that is not a domestic public company acquiring or disposing of assets and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the relevant materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.

The relevant content is thus added in the Procedures according to the aforesaid requirement. (Amended Article 19)

(III) Relax requirements for disclosure of the information regarding certain transactions:

Taking into consideration that currently a public company engaging in trading of domestic government bonds or foreign government bonds has been exempted from the public announcement and regulatory filing procedures, the requirement is relaxed in the Regulations and foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan may be exempted from the public announcement. Considering the simplicity of foreign government bonds, the requirement is relaxed in the Regulations and subscription of foreign government bonds that are offered and issued in the primary market done by professional investors may be exempted from the public announcement.

The relevant content is thus added in the Procedures according to the aforesaid requirement. (Amended Article 32)

(IV) Adding the date and times of amendment (Amended Article 39).

III. In addition, the adjustments have not been made to some parts of the Procedures in accordance with the amendments to the Regulations. Explanations are provided as below:

(I) The requirement for the time limit is relaxed in the Regulations, within which a construction enterprise shall obtain the certified public accountant's opinion where the discrepancy between the appraisal result and the transaction amount is reaching certain percentage of the transaction amount. This provision does not apply to the Company since it is not in the aforesaid industrial category and thus

the relevant content is not added.

(II) To comply with the actual evaluation of the sources of data used, the parameters, and the information undertaken by the external experts, the wording of “completeness, correctness, and reasonableness” of such data for evaluation is revised to “appropriateness and reasonableness”. Because Paragraph 2, Article 5 the Regulations applies to the Company's current provisions, no adjustments are required.

(III) The Regulations are added that “subscription or redemption of exchange traded notes” may be exempted from the public announcement. This provision does not apply, however, to the Company since such item is not included in the use of short-term funds by a financial holding company according to Article 39 of the Financial Holding Company Act and thus the relevant content is not added.

IV. Please refer to pages 48 to 79 of this Handbook for Comparison Table and Content of Article after Amendment of amended the Procedures.

Resolution:

Hua Nan Financial Holdings Co., Ltd.
Comparison List for Amendments to the “Procedures for Acquisition or Disposal of Assets”

Content of Article after Amendment	Content of Article before Amendment.	Description
Chapter 1 General Principles	Chapter 1 General Principles	
Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies 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 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.	Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies 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 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.	According to the amendments to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to the “Regulations”), external experts accepting and conducting a case of issuing an appraisal report or opinion on reasonableness is not part of the audit work of the financial statements, the wording of “audit” a case is revised to “conduct” a case in Paragraph 2.

Content of Article after Amendment	Content of Article before Amendment.	Description
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 “Regulations Governing the Acquisition and Disposal of Assets” to be handled according to the evaluation, <u>execution</u>, and issuing a statement set forth in Paragraph 2, Article 5.	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 “Regulations Governing the Acquisition and Disposal of Assets” to be handled according to the evaluation, <u>audit</u>, and issuing a statement set forth in Paragraph 2, Article 5.	
Chapter II Disposition Procedures	Chapter II Disposition Procedures	
Section II Acquisition or Disposal of Assets	Section II Acquisition or Disposal of Assets	
Article 13 In acquiring or disposing of real estate, equipment, or its lease assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in the development of its own	Article 13 In acquiring or disposing of real estate, equipment, or its lease assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in the development of its own	Considering that the amended Article 6 has clearly specified that when issuing an opinion, the external expert shall comply with Paragraph 2, Article 5 of the Regulations (that is, including the self-regulatory rules of the industry associations to which they belong). The provision of Subparagraph 3, Paragraph 1 of the current Article that

Content of Article after Amendment	Content of Article before Amendment.	Description
land, engaging in the development of leased land, or acquiring or disposing of equipment or its lease assets held for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval to the Board of Directors in advance; the same shall apply whenever there is any subsequent change to the terms and conditions of the transaction. B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained provided that the different professional appraisers or appraisal officers may not be related parties of each other. C. Where any one of the following circumstances	land, engaging in the development of leased land, or acquiring or disposing of equipment or its lease assets held for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval to the Board of Directors in advance; the same shall apply whenever there is any subsequent change to the terms and conditions of the transaction. B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained provided that the different professional appraisers or appraisal officers may not be related parties of each other.	certified public accountants shall comply with the Statements of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation is thus deleted.

Content of Article after Amendment	Content of Article before Amendment.	Description
applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an	C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, an accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) of the Republic of China and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. Where the discrepancy between the appraisal results of two or more professional	

Content of Article after Amendment	Content of Article before Amendment.	Description
opinion must still be issued by the original professional appraiser.	appraisers is 10% or more of the transaction amount. D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion must still be issued by the original professional appraiser.	
Article 14 In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage an accountant to provide an opinion regarding the reasonableness of the transaction price. This	Article 14 In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage an accountant to provide an opinion regarding the reasonableness of the transaction price. If the	The reasons for the amendment are the same as those described in Article 13.

Content of Article after Amendment	Content of Article before Amendment.	Description
requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).	accountant requires the evidence of an expert report, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).	
Article 15 Where the Company acquires or disposes of intangible assets or its right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage an accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	Article 15 Where the Company acquires or disposes of intangible assets or its right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage an accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the accountant shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.	The reasons for the amendment are the same as Article 13.

Content of Article after Amendment	Content of Article before Amendment.	Description
Section III Related Party Transactions	Section III Related Party Transactions	
Article 19 When the Company intends to acquire or dispose of real estate or its lease assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its lease assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except when trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic securities investment trust enterprises issued-money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors: 1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.	Article 19 When the Company intends to acquire or dispose of real estate or its lease assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its lease assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except when trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic securities investment trust enterprises issued-money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors: 1.The purpose, necessity and anticipated benefit of the acquisition or disposal of the real estate.	I. According to the content of the amendment to the Regulations, Paragraph 3 and 4 of the current Article are moved to Paragraph 2 and 3 of the amended Article, respectively. II. To strengthen the management of related party transactions and protect the rights of minority shareholders to express their opinions on transactions between the company and related parties, Paragraph 4 is added in accordance with the Regulations. III. According to the content of the amendment to the Regulations, Paragraph 2 of the current Article is moved to Paragraph 5 of the amended Article, and the calculation method for the transaction amount is revised in line with the addition of Paragraph 4.

Content of Article after Amendment	Content of Article before Amendment.	Description
2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real estate or its lease assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties. 5. A monthly cash projection report for the next year starting from the contract month, and comments on the necessity of the transaction and the reasonableness of how the capital is to be used 6. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction.	2.The reason for choosing the related party as a transaction counterparty. 3.With respect to the acquisition of real estate or its lease assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4.The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties. 5.A monthly cash projection report for the next year starting from the contract month, and comments on the necessity of the transaction and the reasonableness of how the capital is to be used. 6.An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with the preceding article. 7.Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred	

Content of Article after Amendment	Content of Article before Amendment.	Description
With respect to the types of transactions listed below, when to be conducted between a public company and its parent or 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 pursuant to Article 7, paragraph 1, subparagraph 3 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	to in the preceding paragraph shall be conducted in accordance with Paragraph 2, Article 33 herein. In the meantime, "within one year" as used herein refers to the year preceding to the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which approval from the board of directors and recognition from the supervisors has been obtained according to the Rules. With respect to the types of transactions listed below, when to be conducted between a public company and its parent or 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 pursuant to Article 7, paragraph 1, subparagraph 3 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	

Content of Article after Amendment	Content of Article before Amendment.	Description
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. Where the position of independent director has been created in accordance with the provisions of the Act, 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. <u>The Company or its subsidiary that is not a domestic public company acquiring or disposing of assets will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the Company shall submit the materials</u>	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. Where the position of independent director has been created in accordance with the provisions of the Act, 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.	

Content of Article after Amendment	Content of Article before Amendment.	Description
<u>in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u> The calculation of the transaction amounts referred to in <u>paragraph 1 and the preceding paragraph</u> shall be made in accordance with Article 32, 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 that have been approved by the audit committee, board of directors, <u>and shareholders meeting</u> need not be counted toward the transaction amount.		
Section III Related Party Transactions	Section III Related Party Transactions	
Article 32 Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and	Article 32 Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and	According to the content of the amendment to the Regulations, the requirement is relaxed and foreign government bonds with a rating that is not lower than

Content of Article after Amendment	Content of Article before Amendment.	Description
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. 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	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. 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	the sovereign rating of Taiwan or subscription of foreign government bonds that are offered and issued in the primary market may be exempted from the public announcement and regulatory filing procedures. The Item 1 and 2, Subparagraph 5, Paragraph 1 of the Article is thus amended.

Content of Article after Amendment	Content of Article before Amendment.	Description
amount reaches NTD 1 billion. 4. 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. 5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 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 <u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> B. Where done by professional investors—securities trading on	amount reaches NTD 1 billion. 4. 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. 5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 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. B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures	

Content of Article after Amendment	Content of Article before Amendment.	Description
securities exchanges or OTC markets, or subscription <u>of foreign government bonds,</u> <u>or</u> of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 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	without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 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	

Content of Article after Amendment	Content of Article before Amendment.	Description
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 the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. 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.	(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 the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. 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.	

Content of Article after Amendment	Content of Article before Amendment.	Description
Chapter IV Additional Provisions	Chapter IV Additional Provisions	
Article 39 This processing procedure was made on June 6, 2003. The first amendment are made on June 6, 2007. The second amendment are made on June 21, 2012. The third amendment are made on June 20, 2017. The fourth amendment are made on June 28, 2017. The fifth amendment are made on June 14, 2019.<u>The sixth amendment are made on June 17, 2022.</u>	Article 39 This processing procedure was made on June 6, 2003. The first amendment are made on June 6, 2007. The second amendment are made on June 21, 2012. The third amendment are made on June 20, 2017. The fourth amendment are made on June 28, 2017. The fifth amendment are made on June 14, 2019.	Add date and number of times for the amendments

Hua Nan Financial Holdings Co., Ltd.
Procedures for Acquisition or Disposal of Assets (After Amendments)

Chapter I General Principles

Article 1

This procedure is stipulated in accordance with Article 6, Paragraph 1 of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " issued by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Article 2

The acquisition or disposal of assets by the company shall be handled in accordance with the provisions of this handling procedure. However, if there are other provisions in financial-related laws and regulations, such provisions shall prevail.

Article 3

The acquisition or disposal matters in compliance with the procedures:

1. The scope of assets.
2. Appraisal procedures.
3. Operating procedures.
4. Public announcement and regulatory filing procedures.
5. Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities.
6. Control procedures for the acquisition and disposal of assets by subsidiaries.
7. Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets.
8. Other important matters.

Article 4

The term "assets" as used in these Regulations 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 construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.

5. Right-of-use assets.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

Article 5

Terms used in these Regulations are defined as follows:

1. 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.
2. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. 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.
4. 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.
5. 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.
6. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
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.

Article 6

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies 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 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.

In order to clarify the responsibilities of external experts, the personnel in the preceding paragraph shall handle the evaluation, execution and declaration matters stipulated in Article 5, Paragraph 2 of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " when issuing the evaluation report or opinion letter.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 7

The formulation or amendment of these procedures shall be approved by more than half of all members of the audit committee, approved by the board of directors, and submitted to the shareholders' meeting for approval. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

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

All members of the audit committee referred to in Paragraph 1 and all directors referred to in Paragraph 2 shall be calculated on the basis of the actual incumbents.

Article 8

when the procedures for the acquisition and disposal of assets by the company are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

Article 9

Subsidiaries shall formulate and implement the procedures for handling assets acquired or disposed of in accordance with " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " concluded by FSC.

Article 10

The evaluation procedures and operating procedures for the acquisition or disposal of assets by the Company shall be handled in accordance with the Financial Holding Company Act, relevant laws and regulations, the Company's hierarchical responsibility and the relevant provisions of this handling procedure.

Article 11

Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities. It is handled in accordance with the Financial Holding Company Law, relevant laws and regulations, and the company's hierarchical responsibility processing procedures.

Article 12

The acquisition or disposal of assets by a subsidiary shall be handled in accordance with the laws and regulations on the management of its intended business, the procedures for the acquisition or disposal of assets by the company, and the procedures for its hierarchical responsibility.

Article 13

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 shall be engaged to 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 14

The company acquiring or disposing of securities 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 15

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or

more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 16

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 32, 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 17

Where a public 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 III Related Party Transactions

Article 18

When a public 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 preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 16 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 19

When a public 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

board of directors and recognized by the supervisors:

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 16 and Article 17.
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.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or 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 pursuant to Article 7, paragraph 1, subparagraph 3 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.

Where the position of independent director has been created in accordance with the provisions of the Act, 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.

The Company or its subsidiary that is not a domestic public company acquiring or disposing of assets will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in **paragraph 1 and the preceding paragraph** shall be made in accordance with Article 32, 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 that have been approved by the audit committee, board of directors, **and shareholders meeting** need not be counted toward the transaction

amount.

Article 20

The company that acquires real property or right-of-use assets thereof from a related party 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.

Article 21

A public 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.

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 public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 22

When the results of a public 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 18. 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, 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 a public 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 23

Where a public 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 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 a public 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 public company's equity stake in the other company.

2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
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 investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph 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.

When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Section IV Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 24

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, 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 a public 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 public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 25

The company participating in a merger, demerger, acquisition, or transfer of shares 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 companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 26

The company participating in a merger, demerger, or acquisition 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.

The company participating in a transfer of shares 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, a company that is listed on an exchange or has its shares traded on an OTC market 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, a company that is listed on an exchange or has its shares traded on an OTC market 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 27

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 28

The company participating in a merger, demerger, acquisition, or transfer of shares 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 29

The contract for participation by a public 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 30

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 31

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 26, Article 27, and Article 30.

Chapter III Public Disclosure of Information

Article 32

Under any of the following circumstances, a public company acquiring or disposing of assets 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. 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 meets any of the following criteria:

4. 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.
5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 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 a rating that is not lower than the sovereign rating of Taiwan.**
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of **foreign government bonds**, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - 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 the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

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.

Article 33

Where any of the following circumstances occurs with respect to a transaction that a public 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.

Article 34

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 35

When the company acquires or disposes of assets, the relevant undertaking units shall handle the announcement and reporting matters according to the division of powers and responsibilities.

If a subsidiary is a public offering company, its acquisition or disposal of assets shall be announced and reported by the relevant undertaking unit of the subsidiary according to the division of powers and responsibilities.

If the subsidiary is not a public offering company, its acquisition or disposal of assets shall be regulated by this company.

The relevant competent authority of the company handles the announcement and reporting matters.

Chapter IV Additional Provisions

Article 36

The managers and the organizer of the company should strictly follow these procedures and the regulations on Procedures for Acquisition or Disposal of Assets by the company. If the violation causes serious circumstances, it shall be reported and punished according to internal procedures.

Article 37

Matters not covered in this procedure shall be handled in accordance with relevant laws and regulations.

Article 38

These procedures will be implemented after being submitted to the shareholders' meeting for approval, and the same applies to amendments.

Article 39

This processing procedure was made on June 6, 2003. The first amendment are made on June 6, 2007. The second amendment are made on June 21, 2012. The third amendment are made on June 20, 2017. The fourth amendment are made on June 28, 2017. The fifth amendment are made on June 14, 2019. **The sixth amendment are made on June 17, 2022.**

Discussion and Election Matters (3)

Proposed by the Board of Directors

Proposal: Issue new shares through capitalization of the 2021 earnings.

Details:

- I. To increase the capital scale and strengthen the financial structure, the management plans to withdraw NTD 4,486,009,280 from distributable earnings for the year 2021 to issue 448,600,928 new shares through capitalization, with a par value of \$10 per share, in compliance with the provision of Article 240 of the Company Act. After capitalization of earnings, the number of issued shares was 13,642,745,898, with paid-in capital of NTD 136,427,458,980.
- II. After passage in the annual general shareholders meeting and approval of the competent authority, the Company shall request that Board of Directors determine a capital increase ex-dividend date and issue 34 shares for every one thousand shares held. Distributions that amount to less than one full share may be grouped by shareholders within 5 days of the ex-dividend date at the Company's shareholder service agency. Fractions of a share that cannot be grouped into full shares shall be paid in cash (This is calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down). The Chairman has been authorized to engage a designated party to subscribe to the accumulated share fractions at face value.
- III. The rights and obligations associated with the new shares issued for the cash increase are identical to those associated with the existing shares.
- I. If the Company's shares in external circulation are subsequently changed due to transfer, conversion, cancellation of its treasury stock (or other reasons which impact the shareholder dividend ratio), a proposal is to be submitted to authorize the Board of Directors to process the changes.
- II. In the event that the issuance of new stocks is revised due to changes in regulations or approval of the competent authority, the shareholders are requested to authorize the Board of Directors at the annual general shareholder's meeting to process the revision.

Resolution:

Discussion and Election Matters (4)

Proposed by the Board of Directors

Proposal: Election of 8th term of the Board of Directors.

Details:

- I. The election of Board of Directors pursuant to the Company Act and Articles of Incorporation.
- II. Pursuant to the Articles 22 of the Articles of Incorporation of the Company, The Company will have fifteen to twenty-one (15-21) directors on the Board of Directors, each to be nominated from among natural person shareholders with disposing capability or representatives of juristic person shareholders, in accordance with the provisions of the Financial Holding Company Act and the Company Act. The Company will have no less than two (2) independent directors on the Board of Directors and the number of the independent directors shall represent no less than one fifth (1/5) of the total number of directors.
- III. In consideration of the Company's size, the operation of the Board of Directors and pursuant to the Articles of Incorporation of the Company, that nineteen (19) directors, including four (4) independent directors are to be elected at this AGM. The directors shall serve a term of three years beginning from June 17, 2022.
- IV. Please refer to the Handbook in page 82 to 83 about the Nominee of the Directors and Independent Directors' highest educational attainment and work experience for this election, which were resolved by the 35th Meeting of the Board of Directors of the 7th term on April 25th, 2022.
- V. Please proceed to the election.

Resolution:

Hua Nan Financial Holdings Co., Ltd.
List of Directors and Independent Director Candidates

No.	Name		Highest educational attainment/ Work experience	Shares Held (Unit: Shares)
1	Director	Ministry of Finance Representative: Yun-Peng Chang	Department of Commerce, National Taiwan University Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank; Chairman of Bank of Kaohsiung; President of Hua Nan Financial Holdings and Hua Nan Commercial Bank;	224,282,215
2	Director	Ministry of Finance Representative: Yao-Ching Li	Master of Business Administration, University of Washington, U.S.A. Vice President of Hua Nan Commercial Bank; Manager of Risk Management Department, Hua Nan Commercial Bank	224,282,215
3	Director	Bank of Taiwan Co., Ltd. Representative: Shih-Ching Jeng	Ph.D. Department of Insurance and Financial, University of Rhode Island, U.S.A. Director of Hua Nan Financial Holdings; Associate Professor, Department of Risk Management and Insurance, National ChengChi University	2,801,282,059
4	Director	Bank of Taiwan Co., Ltd. Representative: An-Pang Wang	Master's degree from the Graduate Institute of Political Science, National Taiwan Normal University Political Deputy Minister of Ministry of Labor; Director of Hua Nan Financial Holdings	2,801,282,059
5	Director	Bank of Taiwan Co., Ltd. Representative: Chou-Wen Wang	Ph.D. Department of Money and Banking, National Chengchi University Professor and Chairman, Department of Finance, National Sun Yat-Sen University; Director of Hua Nan Financial Holdings	2,801,282,059
6	Director	Bank of Taiwan Co., Ltd. Representative: Wei-Der Tsai	Ph.D., Economics, Pennsylvania State University, U.S.A. Professor and Dean of Graduate Institute of Industrial Economics, National Central University; Director of Hua Nan Financial Holdings	2,801,282,059
7	Director	Bank of Taiwan Co., Ltd. Representative: Wen-Chieh Wang	Ph.D. in Law, National Chengchi University Professor and Vice President of School of Law, National Chengchi University	2,801,282,059
8	Director	Chu-Chun Cheng	Ph.D. in Finance, National Chengchi University Associate Professor of Department of Accounting, Feng Chia University	0
9	Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin Representative: Ming-Cheng Lin	Master of Law, Keio University, Japan Chairman of Hua Nan Financial Holdings; Chairman of Hua Nan Commercial Bank; Director of the Central Bank; Chairman of The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin	233,018,238
10	Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin Representative: T. Lin	Master of Real Estate Economics and Finance, London School of Economics and Political Science, UK Vice Chairman of Hua Nan Commercial Bank; Director of Hua Nan Financial Holdings; Fund Manager of Mercury Asset Management Consultant Firms	233,018,238

11	Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin Representative: Chih-Yu Lin	Master of Business Administration, University of California, Los Angeles, U.S.A. Director of Hua Nan Financial Holdings and Hua Nan Commercial Bank; Vice President of Hua Nan Venture Capital	233,018,238
12	Director	Chih-Yang Lin	Master of Business, National Taiwan University Director of Hua Nan Financial Holdings; Managing Director of Hua Nan Commercial Bank; Lawyer	0
13	Director	He Quan Investment Co., Ltd. Representative: An-Lan Hsu Chen	Department of Foreign Languages, Tunghai University Director of Hua Nan Financial Holdings; Director of Entrust Foundation; Chairman of Hua Nan Securities.	3,661,235
14	Director	He Quan Investment Co., Ltd. Representative: Michael, Yuan-Jen Hsu	MBA from The Wharton School University of Pennsylvania Chairman of Yuan Jen Enterprise Co., Ltd.; Vice Chairman of Hua Nan Securities; Director of Hua Nan Financial Holdings and Hua Nan Commercial Bank	3,661,235
15	Director	China Man-Made Fiber Corporation Representative: Vivien, Chia-Ying Shen	Ph.D. Department of Public Health Management from Johns Hopkins University, U.S.A. Director of Hua Nan Financial Holdings and Hua Nan Commercial Bank; Shuo-Jung Investment Co., Ltd.	70,055,271
16	Independent Director	Kuo-Chuan Lin	Ph.D Department of Law, Kobe University, Japan Professor of Law, National Chengchi University; Independent Director of Hua Nan Financial Holdings	0
17	Independent Director	Jui-Chia Lin	Ph.D. in Accounting, National Taiwan University Associate Professor of Department of Information Management and Finance, National Yang Ming Chiao Tung University	0
18	Independent Director	Ming-Hsien Yang	Master of Accounting Department, National Taiwan University Chairman of Deloitte & Touche Taiwan; Independent Director of Hua Nan Financial Holdings and Hua Nan Commercial Bank	0
19	Independent Director	Sung-Tung Chen	Bachelor of Law Department, National Chengchi University Public Prosecutor of Yunlin, Taichung, Hsinchu District Prosecutors Office; Lawyer; Independent Director of Hua Nan Financial Holdings and Hua Nan Commercial Bank	0

Discussion and Election Matters (5)

Proposed by the Board of Directors

Proposal: Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business.

Details:

- I. Pursuant to the Articles 209-1 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 meeting of shareholders the essential contents of such an act and secure its approval.
- II. The Company's directors and the judicial persons that they represent may participate in competitive business of the Company, as such the release of the prohibition is proposed.
- III. The Company's directors and the judicial persons that they represent that is within the scope of the company's business are as of the attachment.

Resolution:

Appendix: List of waiver of non-competition clause

Director and the judicial person represented by the director	Concurrent Company	Position Held
Ministry of Finance	Taiwan Financial Holdings Co., Ltd.	Director
	Mega Financial Holding Co., Ltd.	Director
	First Financial Holding Co., Ltd.	Director
	Taiwan Cooperative Financial Holding Co., Ltd.	Director
	Chang Hwa Commercial Bank, Ltd.	Director
	Taiwan Business Bank Co., Ltd.	Director
	Land Bank of Taiwan Co., Ltd.	Director
	Export-Import Bank of the Republic of China	Director and Supervisor
	Central Reinsurance Corporation	Director
Bank of Taiwan Co., Ltd.	Mega Financial Holding Co., Ltd.	Director
	First Financial Holding Co., Ltd.	Director
	Taiwan Business Bank Co., Ltd.	Director
	United Taiwan Bank	Director
	Taiwan Fire & Marine Insurance Company, Ltd.	Director
	Taiwan Asset Management Corporation	Supervisor
	Taiwan Financial Asset Service Corporation	Director
	Taipei Forex Inc.	Director
	Bank Taiwan Insurance Brokers Co.,Ltd.	Director and Supervisor
	Taiwania Capital Management Corporation	Supervisor
An-Lan Hsu Chen (Representative of He Quan Investment Co., Ltd.)	He Quan Investment Co., Ltd.	Chairman
	Yuan Ding Investment Co., Ltd.	Chairman
	Yong Chang Investment Co., Ltd.	Chairman
	Mao Tong Investment Co., Ltd.	Supervisor
	He Qing Investment Co., Ltd.	Supervisor
Michael, Yuan-Jen Hsu (Representative of He Quan Investment Co., Ltd.)	Polywide Investment Limited	Chairman
	Appworks Fund II Co., Ltd.	Supervisor
	Ru Yuan Enterprise Co., Ltd.	Chairman
	Li Shih Investment Co., Ltd.	Chairman
Chih-Yang Lin	Yung Chi Asset Management Co., Ltd.	Chairman
Vivien, Chia-Ying Shen (Representative of China Man-Made Fiber Corporation)	Shuo-Jung Investment Co., Ltd.	Director
	Yu Hwei Co., Ltd.	Director
Sung-Tung Chen	Po Shih Investment Co., Ltd.	Supervisor

Questions and Motions

Appendix 1

Hua Nan Financial Holdings Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

- Article 1. The Company is incorporated in accordance with the Financial Holding Company Act, the Company Act, and related laws and regulations to expand the economic scale and categories in consideration of developed synergy of the Company.
- Article 2. The Company is named "Hua Nan Financial Holdings Co., Ltd." (Chinese: 華南金融控股股份有限公司).
- Article 3. The Company's head office is established in Taipei City, and the Company may establish domestic or overseas branches at appropriate locations in response to business requirements.
- Article 4. Any announcement made by the Company shall be published in newspapers, electronic newsletters, or a website set up or designated by the central competent authority.

Where the competent authority of securities prescribes other regulations regarding matters in the preceding paragraph, such regulations shall apply.

Chapter 2 Shares

- Article 5. The Company has one hundred eighty billion New Taiwan Dollars (NT\$180 billion) in authorized capital, which is divided into 18 billion shares with a face value of NT\$10 each. The Board of Directors is authorized to issue the shares in separate installments.
- Article 6. Shares issued by the Company are not required to be printed. The Company, however, shall register the shares with the centralized securities depository enterprise institution, and comply with the regulations of the institution.
- Article 7. Shareholders of the Company shall provide their seal specimens which shall be kept by the Company.. Claims for collection of dividends, exercising the rights of a shareholder in writing, or written communication with the Company, shall be verified with the seal shown in the specimens.
- Article 8. Except as otherwise provided by laws and regulations, the transfer of the Company's shares shall be signed by both the shareholder and the transferee. The shareholder shall fill out the share transfer application form set by the Company and file the application along with the shares to be transferred to the Company. Unless it is registered in the shareholders roster, the shareholder may not file claims against the Company based on the transfer.
- All transfers of shares shall be duly suspended within 60 days prior to the date of an annual general meeting, within 30 days prior to the date of an extraordinary general meeting, or within 5 days prior to the cut-off date set by the Company for the distribution of dividends, bonus, or other benefits.
- Article 9. The Company shall handle shareholders service in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent

authority.

Chapter 3 Business Operations

Article 10. The Company's business item: H801011 Financial Holding Company.

Article 11. The Company's scope of business is as follows:

1. The Company may invest in the following business:
 - (1) Financial holding companies
 - (2) Banking business;
 - (3) Bills financing business;
 - (4) Credit card business;
 - (5) Trust business;
 - (6) Insurance business;
 - (7) Securities business;
 - (8) Futures business;
 - (9) Venture capital business;
 - (10) Investments in foreign financial institutions approved by the competent authority;
 - (11) Other business in relating to financial services recognized by the competent authority;
 - (12) Other related financial business the Company may invest in by law.
2. Management of the investee enterprises in the preceding subparagraph.
3. The Company may apply to the competent authority for approval for investment in businesses other than those specified in Subparagraph 1.
4. Other related businesses approved by the competent authority.

Article 12. The Company's specialized business consists of investments and management of invested businesses. Its investments in other businesses shall not be restricted by the 40% of the Company's paid-up capital as specified in Paragraph Two of Article 13 of the Company Act.

Chapter 4 Shareholders Meeting

Article 13. The Company's shareholders meetings include regular meetings and special meetings. The regular shareholders meeting is convened within six months after the end of each fiscal year; special shareholders meetings are convened when necessary in accordance with the Company Act.

Unless otherwise provided in the Company Act or other related regulations, the shareholders' meeting shall be convened by the Board of Directors in accordance with laws.

Article 14. The notice for convening a regular shareholders meeting shall be issued 30 days prior to the meeting and the notice for convening a special shareholders meeting shall be issued 15 days prior to the meeting. All shareholders shall be notified of the date, location, and purpose of the meeting and the Company may provide notifications to shareholders holding fewer than one thousand registered shares by means of a public notice.

Article 15. Where a shareholder is unable to attend the shareholders meeting, he/she may sign or affix his/her personal seal on a proxy form printed by the Company to specify the scope of authorization and designate a proxy to attend the meeting on his/her behalf. 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.

The aforementioned proxy letter must be delivered to the Company at least five days prior to the shareholders meeting. If more than one written proxy is delivered, the first one that received by the Company shall prevail. However, this restriction does not apply to the withdrawal of prior proxies.

Article 16. The Company's shareholders shall have one voting right per share unless otherwise provided in laws or regulations.

Article 17. Matters to be resolved by the shareholders meeting are as follows:

1. Establishment and amendment of the Company's Articles of Incorporation.
2. Election and dismissal of Directors.
3. Ratification of the statements prepared by the Board of Directors and the inspection reports issued by the Audit Committee.
4. Resolutions regarding the increase or decrease of capital of the Company.
5. Resolutions regarding the distribution of earnings and make-up of deficits.
6. Other matters to be resolved in the shareholders' meeting in accordance with laws.

Article 18. Unless otherwise specified by law, the Chairman of the Board of Directors shall chair the shareholders' meeting. Where the Chairman is on leave or unable to attend the meeting for any reason, the Vice Chairman, if appointed, shall stand proxy. If there is no Vice Chairman or if the Vice Chairman is also on leave or unable to exercise power for any reason, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to stand proxy.

Article 19. Unless otherwise provided by the Financial Holding Company Act, Company Act and other applicable laws, all resolutions of the shareholders' meeting must be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 20. Resolutions adopted at a shareholders meeting shall be recorded in the meeting minutes, which shall be signed or sealed by the chairman of the meeting and shall be distributed to each shareholder within 20 days after the close of the meeting.

The public announcement of the meeting minutes mentioned in the preceding paragraph shall suffice.

Article 21. Unless otherwise specified by law or the Articles of Incorporation, matters related to the shareholders' meeting shall be processed in accordance with the Rules of Procedure for Shareholders Meetings of the Company.

Chapter 5 Board of Directors

Article 22. The Company's Board of Directors shall have 15 to 21 Directors. Directors shall be elected based on a candidate nomination system at the shareholders' meeting from among the shareholders with disposing capacity. The term of office for Directors shall be three years, and Directors are eligible for re-election. When a Director's term expires and another Director cannot be elected in time, he or she shall extend his or her duties until the re-elected director takes office.

Pursuant to Article 183 of the Securities and Exchange Act, the Company shall have no less than two Independent Directors among the aforementioned number of Directors, and Independent Directors shall account for no less than one fifth of the Board of Directors. They shall be elected from the list of nominees for Independent Directors at the shareholders' meeting. The professional qualifications, shareholdings, restrictions on concurrent posts, nomination and election methods and other compliance of the Independent Directors shall be subject to the relevant provisions of the competent authority of securities.

An elected Director representing the government, a judicial person shareholder, or its representative may be replaced at any time by another representative to complete the remainder of the term of office of the replaced Director as the result of a change of his or her job duties.

Article 23. Unless otherwise provided in laws, the Company's Board of Directors shall appoint one Chairman of the Board among the directors by a majority vote at a meeting attended by more than two thirds of the Directors, and may also appoint a Vice Chairman through the same procedure as for the Chairman by the Board of Directors when necessary.

The Board of Directors is authorized to prescribe remunerations to Directors based on their participation in the operation of the Company and the value of their contributions according to the general remuneration level of other financial institutions.

The provisional standard provided in the Labor Standards Act shall apply *mutatis mutandis* to the payments of severance and pension payable to the Chairman and Vice Chairman regardless of the requirements pertaining to age and service period.

Article 24. The Chairman of the Board of Directors shall internally chair the shareholders' meeting and meetings of the Board of Directors and shall externally represent the Company. If the Chairman is on leave or is unable to exercise power for any reason, the Vice Chairman, if appointed, shall stand proxy. If there is no Vice Chairman or if the Vice Chairman is also on leave or unable to exercise power for any reason, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to stand proxy.

Article 25. Unless otherwise provided by law or regulation, the Company's shareholders' meeting shall be convened by the Chairman. Unless otherwise prescribed in the Financial Holding Company Act, Company Act or other regulations, the resolutions of a meeting of the Board of Directors shall be adopted by a majority vote of the Directors in attendance who represent more than one-half

of all Directors. Directors shall personally attend board meetings. However, if a Director is unable to attend a board meeting, he/she may appoint another Director to serve as proxy to attend the meeting by submitting a proxy form specifying the scope of delegation. However, a Director may only serve as a proxy for one other Director.

For Board meetings conducted through video-conferencing, a Director who participates through video-conferencing is deemed to have attended in person.

Article 26. The functions of the Board of Directors are as follows:

1. Review and approval of business policies and plans.
2. Review and approval of the budget and final accounts.
3. Review and approval of important regulations.
4. Review and approval of the Company's capital increase or decrease and issuance of securities.
5. Proposal of the earnings distribution.
6. Resolutions on the issuance of corporate bonds.
7. Resolutions on the Company's share buyback plans.
8. Review of the acquisition or disposal of assets.
9. Review of important contracts.
10. Appointment or dismissal of managerial officers and audit supervisors.
11. Review of the construction, purchase, or sale of the Company's operation sites and buildings.
12. Determination of the date of the general shareholders' meeting or special shareholders' meeting.
13. Execution of the resolutions of the shareholder's meeting.
14. Review and approval of the appointment, dismissal and compensation of CPAs.
15. Appointment of directors and supervisors of subsidiaries.
16. Review and approval of the Audit Committee Charter.
17. Review and approval of remuneration for employees.
18. Other matters to be resolved in the board meeting in accordance with laws and authorization of the shareholders' meeting.

Article 27. The Board of Directors shall convene a regular meeting every month . A special meeting of the Board of Directors may be held in case of emergency or at the request of a majority of the Directors. Unless otherwise specified in the Financial Holding Company Act or the Company Act, the board meeting notice and the production and distribution of meeting minutes may be implemented in writing or by electronic means.

The Company's Board of Directors may establish different functional committees. Unless otherwise specified in related regulations or the Articles of Incorporation, the Board of Directors is authorized to establish the Rules of Procedure for Board of Directors Meetings for the organization

and meetings of the Company's Board of Directors.

- Article 28. The Board of Directors shall establish an Audit Department to oversee audit operations. The Department of Auditing shall have one Chief Auditor who shall supervise the audit operations of the Company and subsidiaries in accordance with resolution of meetings of the Board of Directors. The appointment and dismissal of the Chief Auditor shall be determined by the Board of Directors in accordance with related laws and regulations.
- Article 29. The Audit Committee shall be composed of all Independent Directors with no fewer than three persons. One member shall be the convener and at least one member shall have accounting or financial expertise.
- The supervisor system shall be abolished on the date the Audit Committee is established.
- Article 30. The the powers and duties of the Audit Committee and other matters for compliance shall be processed in accordance with related regulations of the competent authority of securities.
- Article 31. The Company's Directors may serve concurrently as Directors and Supervisors of subsidiaries in accordance with laws.
- Article 32. The Company may, pursuant to relevant regulations, establish liability insurance contracts with insurance enterprises for the Company's Directors to cover the respective compensation liabilities in the performance of their duties.

Chapter 6 Managerial Officers

- Article 33. The Company shall appoint one President who shall be nominated by the Chairman and approved by a majority of the Directors. The same rule shall apply to the dismissal of the President. The President shall oversee all business operations in accordance with the resolutions of meetings of the Board of Directors. Where the President cannot perform his/her duties, the Chairman shall designate a Vice President to perform such duties on behalf of the President.
- Article 34. The Company shall appoint several Vice Presidents and Assistant Vice Presidents to assist the President in business operations. Their appointment and dismissal shall be proposed by the President and approved by a majority vote in the Board of Directors.

Chapter 7 Accounting Closing and Distribution of Earnings

- Article 35. The Company's fiscal year is based on the calendar year, starting from January 1st and ends on December 31st of the same year. At the end of each fiscal year, the Board of Directors shall prepare the following statements, deliver them to the Audit Committee for review at least 30 days prior to a general shareholders meeting, and request ratification in the general shareholders' meeting.
1. Business report.
 2. Financial statements.
 3. Proposal for profit distribution or loss appropriation.
- Article 36. If the Company has net income for the year, the Company shall set aside a certain amount as

Directors' remuneration and employees' compensation based on net income before tax. The Board of Directors shall be authorized to determine the amount of the remuneration for each year within the specified scope. However, net income of the year shall be first used to offset accumulated loss, if any.

1. Directors' remuneration shall be no more than 1%.
2. Employees' compensation shall be between 0.02% and 0.15% and shall be distributed in stocks or cash. The recipients may include employees of affiliated companies that meet certain requirements. The Board of Directors shall set rules specifying the requirements.

The Company has adopted a surplus dividend policy to continue to expand its scale, enhance its profitability, and abide by related laws and regulations.

The earnings of the Company, if any, shall be first used to pay the tax due and offset accumulated loss in past years according to law, followed by setting aside a legal surplus reserve. Then, a special surplus reserve shall be allocated or reversed according to the regulations and laws or as required by business needs. Any remaining balance and undistributed earnings from previous years shall be the distributable amount, and the shareholders meeting shall resolve the distribution of the shareholder's dividends and bonus within 30% to 100% of the distributable amount. The shareholders' dividends shall be distributed in cash and stock based on the Company's operation plans. The cash dividends shall not be lower than 10% of the total amount of the dividends to be distributed. unless otherwise resolved by the shareholders meeting, cash dividends of less than NT\$0.1 per share shall not be distributed.

Chapter 8 Supplementary Provisions

Article 37. The Board of Directors is authorized to establish the Company's organizational regulations and important rules.

Article 38. Matters not included in the Articles of Incorporation shall be processed in accordance with the Financial Holding Company Act, Company Act, and other relevant laws and regulations.

Article 39. The Articles of Incorporation were established on November 14, 2001.

The 1st amendment was made on May 24, 2002.

The 2nd amendment was made on June 6, 2003.

The 3rd amendment was made on June 11, 2004.

The 4th amendment was made on December 17, 2004.

The 5th amendment was made on June 9, 2006.

The 6th amendment was made on June 9, 2010.

The 7th amendment was made on June 24, 2011.

The 8th amendment was made on June 22, 2012. The deletion of relevant regulations regarding Supervisors shall take effect from the date of the establishment of the Audit Committee.

The 9th amendment was made on June 20, 2014.

The 10th amendment was made on June 12, 2015.

The 11th amendment was made on June 24, 2016.

The 12th amendment was made on June 14, 2019.

Appendix 2

Hua Nan Financial Holdings Co., Ltd.

Rules of Procedure for Shareholders' Meetings(Before Amendments)

Article 1 (Basis for Establishment)

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 11 of the "Corporate Governance Best Practice Principles for Financial Holding Companies."

Article 2 (Legal Application)

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

Article 3 (Convention and Notice of Shareholders' Meetings)

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

The Company shall notify each shareholder of the convention of a shareholders' meeting no later than 30 days prior to the date of a regular shareholders' meeting or no later than 15 days prior to the date of a special shareholders' meeting, and shall prepare electronic versions of the 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 (MOPS). The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days prior to the date of the regular shareholders' meeting or 15 days prior to the date of a special shareholders' meeting. In addition, the Company shall also prepare the shareholders' meeting agenda and supplemental meeting materials 15 days prior to the date of a shareholders' meeting and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and its professional shareholder services agent as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice. With the consent of the addressee, the meeting notice may be given in an electronic form.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in

each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors shall include it in the agenda.

Prior to the date on which share transfer registration is suspended prior to the convention of a regular shareholders' meeting, the Company shall give a public notice announcing the acceptance of proposals, the place and the period for shareholders to submit proposals to be discussed at the meeting; the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to no more than 300 words. The shareholder who has submitted a proposal shall attend, in person or by a proxy, a regular shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

Article 4 (Attendance by Proxy and Authorization)

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney issued by the Company and stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company 2 days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 (Principles Determining the Time and Place of a Shareholders' Meeting)

The place where a shareholders' meeting is held shall be the premises of the Company, or a place easily

accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 (Preparation of Attendance Book and Other Documents)

The Company shall furnish the attending shareholders or their proxies (hereinafter referred to as the "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance; solicitors soliciting proxy forms shall also bring identification documents for verification.

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

Article 7 (Chairperson and Non-voting Participants of a Shareholders' Meeting)

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

Shareholders' meetings convened by the Board of Directors shall be attended by a majority of the directors.

If a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, the chairperson of the meeting shall be elected from among themselves.

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

Article 8 (Documentation of a Shareholders' Meeting)

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

Article 9 (Calculation of Shareholder's Meeting Attendance Shares and Calling of Shareholder's Meetings)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

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

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of Proposals)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The 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 with power to convene other than the Board of Directors.

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

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

discussion closed and call for a vote.

Article 11 (Shareholders' Speech)

Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder 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 rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

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

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

Article 12 (Calculation of Voting Shares and Recusal System)

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.

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 the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

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.

Except for trust enterprises or stock agencies approved by the securities authority in charge, 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.

Article 13 (Voting and Vote Monitoring and Counting Methods)

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, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence; when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the meeting in person, but shall be deemed to have waived voting rights with respect to the special motions and amendments to the original proposals at that meeting; therefore, the Company shall avoid the submission of special motions and the amendments to the original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days prior to the date of the shareholders' meeting. When two or more declarations of the same intent are delivered, the one received earliest shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In the event a shareholder who has exercised voting rights by correspondence or electronic means intends to attend a shareholders' meeting in person, a written declaration of intent to rescind the previous declaration of intent made in exercising the voting rights under the preceding paragraph shall be delivered to the Company, in the same manner previously used in exercising the voting rights, 2 days prior to the date of the shareholders' meeting. If the notice of rescission 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 has appointed a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy at the meeting shall prevail.

Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, for each proposal, the chairperson or a person designated by the chairperson shall announce the total number of voting rights represented by the attending shareholders.

A proposal is deemed to have been adopted when no attending shareholders give a dissent after being inquired by the chairperson, and the effect thereof is the same as a vote; if there are dissents, a vote in the preceding paragraph shall be adopted. In addition to the proposals listed in the agenda, other proposals submitted by shareholders or amendments or alternatives to the original proposals shall be seconded by other shareholders.

When there is an amendment or an alternative to the same 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 adopted, the other proposals shall then be deemed rejected, and

no further voting shall be required.

The vote monitoring and counting personnel for voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meetings. Immediately after vote counting has been completed, the results of voting shall be announced on-site at the meeting, with a record of voting made.

Article 14 (Elections)

The election of directors at a shareholders' meeting shall be held in accordance with the "Regulations Governing the Election of Directors" adopted by the Company, and the results of voting shall be announced on-site immediately.

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 1 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 15 (Meeting Minutes and Acknowledgments)

Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting.

The meeting minutes may be produced and distributed in an electronic form.

The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The meeting minutes shall be retained throughout the life of the Company.

A proposal adopted via the method of adopting resolutions referred to in the preceding paragraph shall be recorded as "adopted unanimously after the chairperson inquires all shareholders in attendance" after the chairperson has inquired all attending shareholders and no shareholders have raised any objection. If shareholders do raise any objection, the resolution shall specify the voting method adopted and the number and percentage of rights voted in favor.

Article 16 (Public Disclosure)

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

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

Article 17 (Maintenance of Order at the Meeting Place)

The staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place.

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

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from doing so. When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and Resumption of a Shareholders' Meeting)

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

If the meeting place is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another place.

A resolution may be adopted at a shareholders' meeting to postpone the meeting for not more than, or to resume the meeting within, five days, in accordance with Article 182 of the Company Act.

Article 19 (Approval Level)

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

Article 20 (Revision History)

These Rules were established on June 18, 2010.

The first amendment was made on June 22, 2012. The deletion of provisions of these Rules regarding supervisors shall take effect from the date of the establishment of the Audit Committee.

The second amendment was made on June 14, 2019.

Appendix 3

- I. The number of shares held by the Company's Directors on the book closure date (April 19, 2022) for the annual general shareholder's meeting is disclosed in accordance with the "Regulations Governing Content and Compliance Requirements for Shareholder's Meeting Agenda Handbooks of Public Companies".
- II. The Company has issued a total of 13,194,144,970 shares, and the minimum required amount of shares held by all Directors is 160,000,000 shares. The Company has established an Audit Committee. Therefore, the minimum legal required amount of shares held by supervisors does not apply.

Hua Nan Financial Holdings Co., Ltd.

List of Shares Independently and Collectively Held by Directors

Title	Corporate Shareholder	Representative	Shares Held	Shareholding Ratio
Chairman	Ministry of Finance	Yun-Peng Chang	224,282,215	1.70%
Vice Chairman	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin	Ming-Cheng Lin	233,018,238	1.77%
Director	Ministry of Finance	Pao-Chu Lo	(224,282,215)	(1.70%)
Director	Bank of Taiwan Co., Ltd.	Shih-Ching Jeng	2,801,282,059	21.23%
Director	Bank of Taiwan Co., Ltd.	Chou-Wen Wang	(2,801,282,059)	(21.23%)
Director	Bank of Taiwan Co., Ltd.	Ho-Chyuan Chen	(2,801,282,059)	(21.23%)
Director	Bank of Taiwan Co., Ltd.	Yu-Min Yen	(2,801,282,059)	(21.23%)
Director	Bank of Taiwan Co., Ltd.	An-Pang Wang	(2,801,282,059)	(21.23%)
Director	Bank of Taiwan Co., Ltd.	Wei-Der Tsai	(2,801,282,059)	(21.23%)
Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin	T. Lin	(233,018,238)	(1.77%)
Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin	Chih-Yu Lin	(233,018,238)	(1.77%)
Director	The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin	Chih-Yang Lin	(233,018,238)	(1.77%)
Director	He Quan Investment Co., Ltd.	An-Lan Hsu Chen	3,661,235	0.03%
Director	He Quan Investment Co., Ltd.	Michael, Yuan-Jen Hsu	(3,661,235)	(0.03%)
Director	China Man-Made Fiber Corporation	Vivien, Chia-Ying Shen	70,055,271	0.53%
Independent Director	Kuei-Sen Wu		0	0
Independent Director	Kuo-Chuan Lin		0	0
Independent Director	Sung-Tung Chen		0	0
Independent Director	Ming-Hsien Yang		0	0
Total	Shares Held by All Directors		3,332,299,018	25.26%