

Cathay Life Insurance Co., Ltd. Operating Procedure for Acquisition or and Disposal of Assets

Amended on May 13, 2022

Responsible Unit: Investment Management Department

Chapter 1 General Principles

Article 1

The Procedure is adopted in accordance with Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the “Regulations”).

Article 2

The Company shall handle the acquisition or disposal of assets in compliance with the Procedure, provided that where otherwise is provided in the laws and regulations applicable in the insurance industry, such laws and regulations shall apply.

The “acquisition” referred to in the preceding paragraph shall not be limited to that done in cash as the consideration. The Procedure shall also apply to the acquisition done by offset or swap of assets.

The Company shall conduct a self-check to verify whether the Procedure satisfies the Regulation and whether its acquisition or disposal of assets complies with the Procedure.

Article 3

The term “assets” as used herein 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. Membership.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3-1

The following definitions as used herein shall apply Article 4 of the Regulations:

1. Derivatives.
2. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
3. Related party or subsidiary.
4. Professional appraiser.
5. Date of occurrence.
6. Mainland China area investment.
7. Investment professional.
8. Securities exchange.
9. Over-the-counter venue (“OTC venue”, “OTC”).

Article 4

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 non-appealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.

The Company shall confirm that at least the persons referred to the preceding paragraph have issued the following statement attesting that:

1. The professional competence and independence of related personnel;
2. They have evaluated and found that the information used is appropriate and reasonable ;
3. They have complied with applicable laws and regulations.

Article 5

A subsidiary of the Company that is a public company in Taiwan shall adopt and implement its own operating procedure for acquisition or disposal of assets (hereinafter referred to as the subsidiary's procedure) in accordance with the Regulations.

A subsidiary of the Company that is not a public company in Taiwan may adopt and implement its own procedure in accordance with the Regulations, or follow the Regulations directly. In the case of a foreign subsidiary, the laws and regulations applicable in the country or jurisdiction where the foreign subsidiary is located shall govern.

Where the Company's subsidiary adopts its own procedure pursuant to the preceding two paragraphs, the adoption shall be subject to approval of the board of directors and reported to a shareholders' meeting for approval, and submitted to the Company's business management unit for record. The same shall apply where the procedure is amended or abolished.

The Company's internal audit officers may, in person, or ask the subsidiary's internal audit officers to, review the subsidiary's self-check report on acquisition or disposal of assets to verify whether the acquisition or disposal is completed in accordance with the subsidiary's procedure. If necessary, the Company's internal audit officers may conduct an on-site survey.

Chapter 2 Disposition Procedures

Section 1 Acquisition or Disposal of Assets

Article 6

The Company's acquisition or disposal of various assets shall be handled by responsible units in the following manners:

1. Securities: The condition and limitation thereof shall follow the Insurance Act, the relevant regulations of the Company.
2. Real property:
 - (1) Foreign real property: Subject to the Regulations Governing Foreign Investments by Insurance Companies and the relevant regulations of the Company.
 - (2) Domestic real property: The investment is limited to real property immediately available and yielding income, and the condition and limitation thereof shall satisfy the Insurance Act, the self-regulatory regulations and the relevant regulations of the

Company governing investment by insurance companies in assets.

- a. If the trading counterpart is a related party: The responsible unit shall submit the market survey report and appraisal report to the real property trading taskforce meeting for review and then request the Chairman of Board to report the same to a Board meeting for resolution.
- b. If the trading counterpart is not a related party: The responsible unit shall submit the market survey report and appraisal report to the real property trading taskforce meeting for review and request to delegate the case to the relevant authorized supervisor for decision making, provided that any single transaction amounting to NT\$300 million shall be reported by the Chairman of Board to a board meetings for resolution.

3. Collateral:

- (1) Where the trading value is more than NT\$30 million, the transaction shall be subject to review by the NPL and asset review taskforce meeting, and then reported by the Chairman of Board to a Board meeting for resolution.
 - (2) Where the trading value is less than NT\$30 million, the transaction shall be subject to review by the NPL and asset review taskforce meeting, and then submitted by the responsible unit to the relevant supervisor for decision making.
4. If real property 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. The construction engineers shall be responsible for the planning and design, selection of suppliers, tender and price negotiation. The transaction shall be reported by the responsible person to the relevant authorized supervisor for decision making, provided that where the trading counterpart is a related party, the transaction shall be reported to a board meetings for resolution.
 5. Other fixed assets: The general affairs personnel shall complete the procurement, sale or scrapping procedure, and submit the transaction to the relevant authorized supervisor for decision making.
 6. Assets other than said assets: The responsible person shall conduct an assessment pursuant to the relevant operating procedure, and submit the transaction to the relevant authorized supervisor for decision making.

Article 7

The real property which the Company acquire or dispose of shall have been appraised by a

legal real property appraisal organization.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the trading value reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company 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 trading value is more than NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. Notwithstanding, the professional appraisers or their officers may not be related parties or de facto related parties of each other.
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 perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) 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.

The requirements referred to in the preceding two paragraphs shall not apply, if the Company transacts other than real property with a domestic government agency, engages others to build on its own land, engages others to build on rented land, or acquires or disposes of equipment or right-of-use assets thereof held for business use.

Article 8

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 300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. . This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 9

Where the 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 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 9-1

The calculation of the trading value referred to the preceding three paragraphs shall follow Paragraph 2 of Article 25 herein. The term "within the preceding year" as used therein refers to the year preceding the date of occurrence of the current transaction. The value identified in the appraisal report or CPA's opinion already obtained in accordance with these Procedure need not be counted toward the trading value.

Article 10

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

Section 2 Related Party Transactions

Article 11

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised pursuant to provisions of the preceding Section and this Section, 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 trading value referred to in the preceding paragraph shall follow Article

9-1 herein.

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

Article 12

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, 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 management department generally authorized by the board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterpart.
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 13 and Article 14.
4. The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart'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 fund's 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 the Company and the related party, shall not apply to the preceding paragraph:

1. in trading of domestic government bonds , or
2. in trading of bonds under repurchase and resale agreements, or
3. subscription or redemption of money market funds issued by domestic securities investment trust enterprises, or
4. acquisition or disposal of the beneficiary certificates of the domestic securities investment

trust funds issued by a stakeholder, and foreign securities investment fund, index fund and ETF.

The board of directors may authorize the Chairman of Board to decide the following transactions between the Company and Cathay Financial Holdings, Cathay Financial Holdings' subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's subsidiary, or the subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, within the specific limit of amount, and then report the same to the latest board meetings for retroactive recognition.

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

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

If the Company and the related party will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the 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 Cathay Financial Holdings, the Company's subsidiary or Cathay Financial Holdings' subsidiary.

The calculation of the trading value referred to Paragraph 1 and the preceding paragraph shall follow Paragraph 2 of Article 25 herein. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. The value identified in the decision made by the generally authorized management department as approved or adopted by resolution of a board meetings in accordance with these Procedure need not be counted toward the trading value.

Article 13

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.

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

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

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

Article 14

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. 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:
 - (1) 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.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article 15

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

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
2. Supervisors shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a

shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

When the Company has set aside a special reserve under the preceding paragraph, it shall 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 the 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 arm's length transaction.

Where any of the Company's subsidiaries acquires real property or the right-of-use assets thereof from a related party, the requirements referred to in the preceding three paragraphs shall apply. Where the Company uses the equity method to account for its investment in the subsidiary, then the special reserve called for under Paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's stake in the subsidiary.

Section 3 Engaging in Derivatives Trading

Article 16

The Company, when engaging in derivatives trading, shall follow its Derivatives Trading Policy and Operating Procedure.

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

Article 17

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 between the Company and Cathay Financial Holdings, or between the Company and Cathay Financial Holdings' subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued

shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 18

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

Where the shareholders' meeting of the Company or 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 motion is rejected by the shareholders' meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

Article 19

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

When participating in a transfer of shares, the Company shall convene a board meetings on the day of the transaction to resolve matters relevant to the transfer of shares, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

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

understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board meetings.

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 meetings.

The Company shall, within 2 days counted 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.

Article 20

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

Article 21

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

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

Article 22

When the Company participates in a merger, demerger, acquisition, or transfer of shares, the relevant contract shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and the following matters:

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

Article 23

After public disclosure of the information, if the Company or any company participating in the merger, demerger, acquisition, or transfer of shares intends further to carry out a merger, demerger, acquisition, or transfer of shares 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 transfer of shares, provided 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, the Company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 24

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and Article 29 of the Regulations.

Chapter 3 Public Disclosure of Information

Article 25

Where any of the following circumstances occurs upon the Company's acquisition or disposal of assets, 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. 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 300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on losses on aggregate or individual contracts set out in the Company's Derivatives Trading Policy and Operating Procedure.
4. Acquisition or disposal of equipment or right-of-use assets thereof held for business use, and furthermore the trading counterpart is not a related party, and the trading value is more than NT\$1 billion.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a related party, and the amount expects to invest in the transaction reaches 500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. This shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading on securities exchanges or OTC markets.
 - (3) Subscription for foreign government bonds, ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market.
 - (4) Subscription for or redemption of domestic securities investment trust funds or futures trust funds, Subscription for or resale of Exchange Traded Note.
 - (5) Trading of bonds under repurchase and resale agreements.

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 the real estate under the same development project or the right-of-use assets thereof 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 shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

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

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

Article 26

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

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

Article 27

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

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

Article 27-1

For the calculation of 10 percent of total assets under the Procedure, the total assets stated in the Company's most recent separate or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall apply.

Where the Company's shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under the Procedure, 10 percent of equity attributable to the owner of the Company's parent company be substituted.

Article 28

Where the Company is required to publicly announce and report any information under the Procedure, various responsible units shall submit the related information to Finance Dept. as required, and then Finance Dept. shall enter the same to the information reporting website designated by FSC pursuant to the relevant requirements.

Where the Company is required to release important messages or organize a press conference for its acquisition or disposal of assets is required in accordance with the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, the various responsible units shall submit the related information to Finance Dept., and then Finance Dept. shall transfer the information to Cathay Financial Holdings for entry to the online information reporting system of TWSE or organization of a press conference.

Chapter 4 Penalty

Article 29

Where any of the Company's employees is proven to not comply with the Procedure, thereby

affecting the Company's interests and rights adversely, the employee shall be transferred to HR Dept. for discipline.

Chapter 5 Additional Provisions

Article 30

The Procedure shall be approved by the board of directors, submitted to each supervisor, and enforced upon approval of a shareholders' meeting, and shall also be submitted to Cathay Financial Holdings for recordation. The same shall apply if the Procedure is amended or abolished. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

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

In the event of any changes of the related laws and regulations followed by the Procedure, before the provisions referred to in Paragraph 1 are amended, the Company shall amend the Procedure promptly pursuant to the latest laws and regulations.

Article 31

Where the Company is organized by a single corporate shareholder, the functional duties and power of the shareholders' meeting shall be exercised by its board of directors pursuant to the Company Act or the Company's Articles of Incorporation.

Article 32

The Procedure is adopted on May 27, 2003; the records of the previous revisions are as follows: October 31, 2005; March 25, 2006; October 31, 2006; April 27, 2007; March 19, 2008; October 30, 2008; May 5, 2011; April 24, 2012; July 10, 2012; December 20, 2012; March 15, 2013; May 24, 2013; May 24, 2013; April 28, 2014; February 6, 2015; April 26, 2017; January 30, 2019; May 14, 2019; November 13, 2019; May 14, 2020; November 12, 2020; August 19, 2021; May 13, 2022.