

The Shanghai Commercial & Savings Bank, Ltd.

Minutes for the 2022 Annual General Meeting of Shareholders

Meeting Time : June 17, 2022, at 9:00 am

Place : 1F, No. 8, Sec. 3, Minsheng East Road, Taipei, Taiwan

Means of Meeting Convention :

Physical, assisted with visual communication

Visual communication platform used at the meeting :

The visual communication platform provided by the
Taiwan Depository & Clearing Corporation

[<http://www.stockvote.com.tw>]

Attendance : The total outstanding shares of the Company are 4,481,603,140 shares. After subtracting the reserved shares of shareholders in Mainland China 582,420,149 shares and the shares of a subordinate company 11,397,439 shares, the net shares are 3,887,785,552 shares. The shares represented by the shareholders present at the meeting in person or by proxy are 2,883,779,058 shares (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 2,000 shares via video conference), representing 74.175% of the total issued shares of the Company (Net shares), which surpassed the statutory requirement of the minimum number of shares for holding an annual shareholders' meeting.

Chairman : Mu-Tsai, Chen

Minutes taken down by Chien-Fu, Tseng

Attending Director: Stephen Ching-Yen Lee (Convener of the
Nominating Committee) 、Lincoln Chu-Kuen
Yung 、George Chao-Chi Gu

(video attendance)
John Con-Sing Yung 、 Yi-Jen Chiou 、
Chih-Hung Lin
Mu-Tsai,Chen (Independent Director 、
Convener of the Audit and Remuneration
Committee) 、
Gary Kuo-Lieh Tseng (Independent Director 、
Convener of the Risk Management
Committee) 、
Miles King-Hu Hsieh(Independent Director)

(9 seats of directors of the company including 3 seats
of independent directors, all attended)

Attorney: Robin Chang
(Lee and Li, Attorneys-at-Law),
Hopkings Tsai
(Li Mo & Associates Attorneys-at-Law)
CPA: Chun-Hung Chen
(CPA from Deloitte & Touche,Taiwan)

1. Announced the commencement of the Meeting (Report of the
number of shares represented by shareholders present at the
meeting, Chairman's announcement of the commencement of the
Meeting)

2. Chairman's Remarks (Omitted)

3. Report Items

(1) The 2021 Business Report. (Proposed by the Board of Directors,
Please refer to the Attachment for the Business Report)

(2) The 2021 Audit Committee's Review Report. (Proposed by the
Board of Directors, Please refer to the Attachment for the
Review Report)

(3) The 2021 Director and Employee Remuneration Distribution
Report. (Proposed by the Board of Directors, Please refer to

the Attachment for Handbook for the Annual General Meeting of Shareholders)

(4)The company's " Standard for Sustainable Development Promotion " Report. (Proposed by the Board of Directors, Please refer to the Attachment)

(5)The Company's Bank Debentures Issued in 2021 Report. (Proposed by the Board of Directors, Please refer to the Attachment)

(Above Reports noted)

4.Ratification Items

(1)Agenda : To accept 2021 Business report and Financial statements.(Proposed by the Board of Directors)

Explanation :

The 2021 Financial Reports of the Company were audited by Chun-Hung Cheng, CPA, and Tzu-Jung Kuo, CPA, both of Deloitte Taiwan. These Financial and Business Reports have been approved by the Board and examined by the Audit Committee. The 2021 Business Report , independent auditors' report, and the above-mentioned Financial Reports please refer to the Attachment.

(After the chairman's ruling, this shareholders' meeting will hold a vote after the completion of the agenda of 2 items for ratification and 3 items for discussion.)

Resolution :

This proposal is approved by vote as the following. The chairman declared this proposal is approved by vote.

Voting Result: 2,884,817,133 shares were represented at the time of voting (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 5,000 shares via video conference), representing 74.202% of the total issued shares of the Company (Net shares)

Voting Results	%of the total representation at the time of voting
Votes in favor: 2,667,151,910 votes (including 2,000 shares voted by video) (including 989,574,693 shares voted via electronic transmission)	92.455%
Votes against: 274,242 votes (including 0 shares voted by video) (including 274,242 shares voted via electronic transmission)	0.010%
Votes invalid: 0 votes	0.000%
Votes abstained: 217,390,981 votes (including 3,000 shares voted by video) (including 214,988,253 shares voted via electronic transmission)	7.536%

(2)Agenda : To approve the Proposal for Distribution of 2021 Earnings.(Proposed by the Board of Directors)

Explanation :

1. Pursuant to Article 228-1 of the Company Act, Article 50-1 of the Banking Act of the Republic of China and Article 37 of the Articles of Incorporation, the Company's earnings for 2021 are proposed to be distributed.
2. The beginning unappropriated retained earnings for 2021 amounted to NT\$13,414,607,786. After adding net income for this period NT\$14,255,581,385, deducting the actuarial loss of NT\$110,225,724 on remeasurements of defined benefit plans , and adding the gain of NT\$25,957,350 on disposal of equity instruments measured at fair value through other comprehensive income, the adjusted retained earnings available for distribution amounted to NT\$14,171,313,011.
3. Pursuant to the Article 50-1 of the Banking Act of the Republic of China and the Ministry of Economic Affairs' Jing-Shang-Zi No.10802432410 letter, dated January 9, 2020, after setting aside 30% legal reserve of NT\$4,251,393,903, the retained earnings available for distribution for this period amounted to NT\$23,334,526,894. It is planned to distribute cash dividend of NT\$1.80 per common share with the total

amount of NT\$8,066,885,652. (For the Earnings Distribution Plan for 2021, please refer to the Attachment)

4. It is planned to give priority to handle all kinds of distributions with earnings in 2021. The cash dividends are distributed pro rata and are rounded down to the nearest whole number. The fractional balance of dividends less than NT\$1 will be summed up and recognized as other income of the Company.
5. Once resolved at the Annual General Meeting, the Board of Directors is authorized to set the ex-dividend date.
6. If, subsequently due to capital increase or decrease, buying back (selling) the shares of the Company, etc., the number of shares outstanding on the record date are affected, and the common share dividend payout ratio is changed therefore, it is planned that the Board of Directors is authorized to handle matters regarding the change of payout ratio.
7. It is also proposed to authorize the Board of Directors to revise the issuance plan due to changes of law and regulations, market conditions, environmental, or receiving instructions from government authorities.

Resolution :

This proposal is approved by vote as the following. The chairman declared this proposal is approved by vote.

Voting Result: 2,884,817,133 shares were represented at the time of voting (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 5,000 shares via video conference), representing 74.202% of the total issued shares of the Company (Net shares)

Voting Results	%of the total representation at the time of voting
Votes in favor: 2,668,369,015 votes (including 2,000 shares voted by video) (including 990,791,798 shares voted via electronic transmission)	92.497%
Votes against: 1,258,979 votes (including 0 shares voted by video)	0.044%

(including 1,258,979 shares voted via electronic transmission)	
Votes invalid: 0 votes	0.000%
Votes abstained: 215,189,139 votes (including 3,000 shares voted by video) (including 212,786,411 shares voted via electronic transmission)	7.459%

5. Discussion Items

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

Explanation :

1. Attached to the Company's "Articles of Incorporation of the Bank" the comparison table of amended articles, as detailed in the manual on Handbook for the 2022 Annual General please refer to the Attachment.

2. Approval is respectfully requested

Resolution :

This proposal is approved by vote as the following. The chairman declared this proposal is approved by vote.

Voting Result: 2,884,817,133 shares were represented at the time of voting (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 5,000 shares via video conference), representing 74.202% of the total issued shares of the Company (Net shares)

Voting Results	% of the total representation at the time of voting
Votes in favor: 2,610,409,646 votes (including 2,000 shares voted by video) (including 932,832,429 shares voted via electronic transmission)	90.488%
Votes against: 44,935,782 votes (including 0 shares voted by video) (including 44,935,782 shares voted via electronic transmission)	1.558%
Votes invalid: 0 votes	0.000%
Votes abstained: 229,471,705 votes (including 3,000 shares voted by video) (including 227,068,977 shares voted via electronic transmission)	7.954%

(2)Agenda : Amendment to the Company's Procedures
Governing the Acquisition and Disposal of Assets.
(Proposed by the Board of Directors)

Explanation :

- 1.Please refer to the comparison table and the Company's amended Articles of Incorporation.(Please refer to the Attachment)
- 2.Approval is respectfully requested

Resolution :

This proposal is approved by vote as the following. The chairman declared this proposal is approved by vote.

Voting Result: 2,884,817,133 shares were represented at the time of voting (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 5,000 shares via video conference), representing 74.202% of the total issued shares of the Company (Net shares)

Voting Results	%of the total representation at the time of voting
Votes in favor: 2,657,696,413 votes (including 2,000 shares voted by video) (including 980,119,196 shares voted via electronic transmission)	92.127%
Votes against: 314,203 votes (including 0 shares voted by video) (including 314,203 shares voted via electronic transmission)	0.011%
Votes invalid: 0 votes	0.000%
Votes abstained: 226,806,517 votes (including 3,000 shares voted by video) (including 224,403,789 shares voted via electronic transmission)	7.862%

(3)Agenda : Release of the Board of Director from
Non-Competition Restrictions. (Proposed by the
Board of Directors)

Explanation :

- 1.Pursuant to Article 209 of the Company Act, a director conducting, either for himself or on behalf of another person, activities that are within the scope of the Company's

business, shall explain to the Shareholders' Meeting the essential contents of such activities and obtain its approval for conducting such activities.

2. The Company's directors may concurrently hold positions in other companies and engage in activities that are within the scope or with similar nature of the Company's business. To the extent not in conflict with the interests of the Company, it is proposed to release the directors from non-competition restrictions as set forth.
3. Please refer to the attachment of the information regarding the directors' competitive acts to be released by the Company.

Name of Director	Company Director Holds Concurrent Position	Position Held
Stephen Ching-Yen Lee	Shanghai Commercial Bank Ltd.	Chairman
	Tripartite Alliance Limited	Chairman
	Great Malaysia Textile Investments Pte Ltd.	Director
	Temasek Holdings Private Limited	Director
	Logan Investments Enterprises Ltd.	Director
John Con-Sing Yung	AMK Microfinance Institution Plc.	Chairman
	鴻大投資股份有限公司	Director
	Pafoong Insurance Company Ltd.	Director
	Nanyang Holdings Limited	Director
	Bright Honest Investment Ltd.	Director
	Culvert Investments Ltd.	Director
	Shanghai Commercial Bank Limited	Director
	Tilsbury Investments Inc.	Director
	Tassbury Investments Co.,S.A.	Director
Lincoln Chu-Kuen Yung	Bright Honest Investment Ltd.	Director
	Culvert Investments Ltd.	Director
	Cottage Investments. Co. SA	Director
	East Coast Investments Ltd.	Director
George Chao-Chi Gu	GTM Holdings Corporation	Chairman
	GTM Investment Co.,Ltd.	Chairman

	Chi-Li Investment Co., Ltd.	Director
	Hsin Li Investment Company	Director

4. Approval is respectfully requested.

Resolution :

This proposal is approved by vote as the following. The chairman declared this proposal is approved by vote.

Voting Result: 2,884,817,133 shares were represented at the time of voting (including 1,204,837,188 shares represented by the shareholders by means of electronic voting method and 5,000 shares via video conference), representing 74.202% of the total issued shares of the Company (Net shares)

Voting Results	%of the total representation at the time of voting
Votes in favor: 2,629,104,952 votes (including 2,000 shares voted by video) (including 951,531,430 shares voted via electronic transmission)	91.136%
Votes against: 2,077,168 votes (including 0 shares voted by video) (including 2,073,473 shares voted via electronic transmission)	0.072%
Votes invalid: 0 votes	0.000%
Votes abstained: 253,635,013 votes (including 3,000 shares voted by video) (including 251,232,285 shares voted via electronic transmission)	8.792%

6.Statement Summary :

Shareholder(NO.20203) expressed his opinions about :Why didn't the shareholders' meeting give out souvenirs this year?

The above question was responded by the chairman and assigned relevant personnel.

Shareholder(NO.5235) expressed his opinions the management team is expected to: The Bank firstly strengthen information security and accelerate the digital transformation. Secondly, optimize risk management and develop high-quality customers. Thirdly, expect the shareholders to be given better dividends next year.

The above questions were responded by the chairman and assigned relevant personnel.

7.Extempore Motions : None

8.Adjournment : The chairman announced Meeting adjourned (at about 09:45 AM the same day.)

(This Meeting Minutes only recorded a summary of the essential points of the proceedings and the results of the meeting. The content, procedures and shareholder speeches of the meeting are still subject to the audio-visual records of the meeting.)

Chairman : Mu-Tsai,Chen Minutes taken down by Chien-Fu, Tseng

Notice to Readers

For the convenience of readers, the Minutes have been translated into English from the original Chinese version prepared. 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 version shall prevail.

The Shanghai Commercial & Savings Bank, Ltd.

2021 Business Report

I. Foreword

In 2021, global economic activity was clearly on the rebound thanks to growing vaccination coverage and eased restrictions in many economies worldwide. SCSB continued to uphold the principles of "asset safety, liquidity sufficiency and capital adequacy" in stable business operations and created consistently solid returns in business performance. SCSB achieved a net income after tax of NT\$14.26 billion, a year-end NPL ratio of 0.13%, a liquidity ratio of 31.19% and a capital adequacy ratio of 14.87%.

The results of SCSB's operating performance in 2021, business plans and future development strategies for 2022, the impact of external competitive environment, regulatory environment and macroeconomic environment, and the latest affirmed credit ratings are illustrated as follows:

II. Operating Performance in 2021

1. Overview of Global & Domestic Financial Environment

Strong exports and private sector investment continued to drive economic growth in 2021. Taiwan's annual economic growth reached 6.45%, a new high since the financial crisis. In terms of financial conditions, the Central Bank of Taiwan continued to adopt a loose monetary policy and held interest rates unchanged for seven consecutive quarters. The NTD to USD exchange rate was buoyed by returning Taiwanese

businesses from overseas and export surplus, and showed a steady upward trend. The exchange rate closed at 27.69 at the end of the year, up by 3.0% over the year. Driven by the sound fundamentals of industries related to semiconductor, IT, communication, and electric vehicle parts companies, the TWSE reached a new high and closed at 18,218 at the end of the year, up by 23.7%.

2. Organizational Changes

President John S.C. Chen reached retirement age at the end of 2020, and passed the baton to Chih-Hung Lin who became the new President in 2021. During the Annual General Meeting in July of the same year, an election of directors was conducted. Chairman Hung-Ching Yung retired, and was replaced by Ching-Yen Lee. The board voted unanimously to name Hung-Ching Yung honorary chairman in recognition of his years of excellent service to the bank.

SCSB is one of the three banks that received the FSC's approval to launch High Net-worth wealth management services; in addition, the Wealth Succession Management Center was established in April. The Center "manages wealth transfer for a better future," and focuses on both "asset allocation" and "asset inheritance." It provides differentiated wealth management services that are tailored to each high net-worth customer. Furthermore, SCSB continued to build up toward becoming a regional bank in the Asia-Pacific region. The Bac Ninh representative office in Vietnam opened in May to provide a wider range of international financial services for Taiwanese businesses. In terms of Environmental, Social, and Governance

(ESG) practices, SCSB established the ESG Steering Committee, which consists of cross functional teams that focus on: environmental sustainability, social welfare, customer rights, responsible finance, employee care, and corporate governance. The teams work collaboratively and have delivered satisfactory results.

3. Operational Plans, Strategies and Results

The 2021 business plan allocated many resources to a range of core businesses, including corporate banking, personal banking, wealth management, treasury marketing, deposits and remittances, and digital banking. The plan focused on increasing the usage of fintech, accelerating the digital transition and promoting ESG to create sustainable value.

The results of 2021 business plans and strategies were reflected on the growth of main businesses and profits, year on year, in which the average deposit balance was NT\$1,029.1 billion, up 1.3%, and average loan balance was NT\$750.3 billion, down 0.2%; profit before income tax was NT\$15.35 billion, up 3.9%, net income after income tax was NT\$14.26 billion, up 5.9%; EPS was NT\$3.19, up 6.0%; after-tax return on assets and after-tax return on equity were 1.05% and 9.11% respectively.

4. Budget Implementation

As for main businesses and net income after income tax, the budgets achieving ratio of operational targets for average deposit balance was 94.4%, average loan balance was 90.8%, and foreign exchange business was 103.2%.

5. Income, Expense and Profit

Unit: NT\$ Billion, except as indicated

Item	Year	2021	2020	Change(%)
Net interest income		11.64	11.62	0%
Total non-interest income		11.95	11.19	7%
Net revenue		23.59	22.81	3%
Provisions for bad-debt expense, commitment and guarantee liability		0.9	0.9	0%
Total operating expenses		7.34	7.14	3%
Profit before income tax		15.35	14.77	4%
Net income		14.26	13.46	6%
Earnings Per Share (in dollars)		3.19	3.01	6%
ROA (after income tax)		1.05%	1.03%	0.02%
ROE (after income tax)		9.11%	8.72%	0.39%

6. Research and Development

In 2021, in response to changes in external operating environment and to market competition, SCSB continued to adopt a customer centric approach to intensify research and development, improve business competitiveness, and raise customer satisfaction. In terms of corporate banking, SCSB continued to comply with government policies to promote the return of capital from Taiwanese businesses overseas. SCSB offered credit guarantee schemes for economic relief, financing for startups and green energy loans, aged building redevelopment loans, and government projects. In terms of personal banking, SCSB continued to strengthen the consumer financial services and promoted loans for small businesses and target groups as well as mortgage loans for green buildings.

SCSB also optimized the online personal loan platform. In terms of customer finance, SCSB continued to expand the line of financial products and inclusive financial services. SCSB built a smart financial system and invested resources to develop high net-worth wealth management services, collective investment trust funds for target maturity bonds, overseas structured products, care trusts, inheritance management, and retirement insurance products.

In terms of deposits and remittances, SCSB continually optimized the deposit structure, reduced the cost of deposits, promoted retail deposits and demand deposits, and strengthened the partnerships with securities brokerage firms and electronic payment service providers. SCSB also promoted separate account services and linking of deposit accounts and payment services. In terms of digital banking, SCSB continued to promote the digital transition, build a digital culture, expand the digital talent pool, and create cross-functional teams. Plans were made to establish the Fin Tech Space “T8”, an innovation base, to create scenario-based finance centered around small and medium sized businesses. In addition, SCSB upgraded digital platforms, created new Big data analysis platforms, and implemented robotic process automation (RPA) and Reg Tech. SCSB strengthened smart financial services and the presence on social media in order to increase digital exposure and visibility of sub-brands.

Furthermore, SCSB committed investments to upgrade new IT core banking systems in order to increase competitiveness in this field. SCSB advanced toward "small cores, large middle platform, and flexible front end," and strengthened business

growth drivers. SCSB updated IT infrastructures to meet the demands of business growth, and created key application platforms, enabling business innovation. In response to the risks and opportunities associated with climate change, SCSB built a sustainable governance framework and established relevant management mechanisms to align with international trends, laying a solid foundation for sustainable development competitiveness.

III. Business Plans for 2022

1. Business Guidelines

In 2022, SCSB's strategies will follow the theme of "digital sustainability and talents first." Key business policies include enhancing digital culture, improving use of smart technology, creating a digital ecosystem, optimizing digital customer experiences, responding to climate change, establishing a green finance ecosystem, focusing on talent recruitment, training and retention, fulfilling social responsibility, and creating new sustainable value.

2. Business Targets

Taking into account factors including economic growth forecasts, market competition, as well as the growth result in 2021 and business strategies for 2022, SCSB is setting up appropriate growth for 2022 targets.

3. Business Policies

A. Fundamental Policy: Maintain stable operations with integrity, achieve healthy sustainability, place equal emphasis on operations and management, and strengthen

finance and businesses.

- B. Operating Policy: Develop various core businesses, corporate banking, personal banking, wealth management, treasury marketing, and deposits and remittances with equal emphasis, and strengthen digital banking business.
- C. Sales Policy: Unite sales personnel on all four lines to promote integrated marketing, and pay attention to financial customer protection, and treat customers with fairness.
- D. Management Policy: Implement the three lines of defense in internal control, optimize risk management, enhance information security governance, strengthen corporate governance, and develop a sustainable environment.

IV. Future Development Strategies

SCSB's main development strategies for 2022 are as follows:

1. Overall operations: Maintain stable operations with integrity, place equal emphasis on operations and management, strengthen finance and businesses, and create sustainable value.
2. Channel development: Continue to gain greater presence in the Asia-Pacific region, utilize the tri-shanghai banks strategic alliance, connect services across borders, and implement smart technologies in all channels.
3. Business development: Deploy multiple cores, develop sustainable finance, expand high net-worth wealth management services, and strengthen family finance.
4. Customer relations: Treat customers with fairness, adopt

customer segmentation, focus on high value customer groups, and support integrated marketing.

5. Digital banking: Accelerate the digital transformation, integrate interdisciplinary and cross-sectoral collaborations, implement scenario-based finance, and promote inclusive finance.
6. Information technology: Stabilize system maintenance and operation, upgrade core banking systems, strengthen information utilization, and create robust information governance.
7. Human resources: Cultivate a diverse workforce, enhance professional competencies, strengthen management succession, and enrich human capital.
8. Internal control and management: Implement internal control, fully implement the three lines of defense, strengthen the culture of compliance, and optimize risk management.
9. Sustainable development: Promote environmental sustainability, fulfill CSR, strengthen corporate governance, and combine resilience and innovation.

V. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

1. External Competitive Environment

The world is still facing the threat of more SARS-CoV-2 variants, and thus risk factors remain in many world economies. Such uncertainty combined with supply chain disruptions and an imminent rising inflation are likely to push

the world into an interest rate hike cycle with higher sector risks. Meanwhile, the progress of the digital transformation in the financial sector is being accelerated by the pandemic, which also alters business models. SCSB will expand the business in response to the competitive external environment and use value competition to replace price competition. SCSB shall actively enhance digital banking products and services and continue to expand in the Asia-Pacific region in pursuit of growth and a competitive position.

2. Regulatory Environment

As part of the FSC's efforts to promote the "Green Finance Action Plan 2.0," which sets core strategies for sustainable finance development goals, the FSC has strengthened supervision of domestic banks in management of climate-related risks. The FSC also released the Climate Risk Disclosure Guidelines for Domestic Banks to guide banks toward green business and sustainable development. The Guidelines improved the quality and transparency of disclosures made by domestic banks. They also served to urge banks to review their ability to respond to climate-related risks. In addition, the FSC released the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies to establish the schedules for GHG inventories and disclosure and boards of directors' sustainable development responsibility. SCSB will closely follow FSC policies, strengthen climate-risk governance frameworks and risk management mechanisms, enhance green finance, and ensure the effectiveness and achieve sustainability.

3. Macroeconomic Environment

In 2022, the global economy will still confront risks including the COVID-19 pandemic and the trade and tech war. In the meantime, the Russia-Ukraine war and Western countries' sanctions on Russia may also increase economic risks and thus deserve close attention. Benefiting from transferred purchase orders and supported by investments from the private sector, Taiwan's economy is expected to grow continuously. In the face of such volatile external challenges, SCSB will examine changes to the business environment at all times and anticipate future development trends, seize market opportunities, and adopt suitable operational measures to stably expand the businesses and create sources of revenue and profit.

VI. Credit Ratings

Rating Agency	Ratings		Outlook	Release Date
	Long-Term	Short-term		
Taiwan Ratings	twAA	twA-1+	Stable	2021/12/15
Fitch	AA(twn)	F1+(twn)	Stable	2021/4/28
Standard & Poor's	BBB+	A-2	Stable	2021/12/15
Fitch	A-	F2	Stable	2021/4/28

In the future, SCSB will continue to uphold the business motto of "serving society and supporting industry" and adopt "developing diversified core businesses, driving digital

transformation, strengthening international financial services, building up talent pools, and creating sustainable values" as the development strategy. SCSB will continue to strengthen talent cultivation, steadily promote business development, and attach importance to ESG. All employees will also uphold the service ideals for "considerate, efficient and respectful" and "always placing customers' needs first" and work together to create the outstanding performance. SCSB welcomes and appreciates the continued guidance and support from all shareholders.

Chairman: Lee, Ching-Yen

President: Lin, Chih-Hung

Chief Accountant: Hsu, Shou-Ming

The Shanghai Commercial & Savings Bank, Ltd. Audit Committee's Review Report

The board of directors has complied and submitted the company's 2021 financial statements audited by Certified Public Accountants Chun-Hung Chen and Tzu-Jung Kuo of Deloitte & Touche, who issued the unqualified opinions, business report and profit distribution plan. The above statements and reports have been examined by the Audit Committee and no irregularities were found. This report is hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please kindly approve.

To : 2022 Annual General Shareholders' Meeting

The Shanghai Commercial & Savings Bank, Ltd.
Convener of Audit Committee

Mu-Tsai Chen

March 26, 2022

Shanghai Commercial & Savings Bank (SCSB)

Standard for Sustainable Development Promotion

Instituted under strategic planning of the Head Office
Established on 2022.03.26

Chapter 1. General Rules

(Legal basis)

Article 1. In accordance with Article 5 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, which states that “TWSE/GTSM listed companies shall [... ...], in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting. ”, thus, the “SCSB Standard for Sustainable Development Promotion” is established (hereinafter referred to as the Standard).

Chapter 2. Mission and vision for sustainable development

(Sustainable development mission)

Article 2. SCSB is committed to the mission of “to serve society, to support industry, and to promote international trade” to create superior operating performance and to actively promote Environmental, Social and Governance (ESG) towards sustainable development.

(Sustainable development vision)

Article 3. SCSB actively implements its corporate social responsibility by putting in efforts to create a harmonious and sharing society and environment for its customers, employees, shareholders, and SCSB. It is a goal to become an exemplar model and a happy enterprise in sustainable development.

Chapter 3. Sustainable Development Policy

(Sustainable Development Policy)

Article 4. SCSB’s sustainable development policy is as below:

1. (Aspects of sustainable development)

SCSB's core values in ethics and integrity build stable operations, legal compliance, and commitments. It is devoted to promoting six aspects of sustainable development in responsible finance, environmental sustainability, social welfare, customer rights, employee care and corporate governance, realizing international sustainable development initiatives and standards.

2. (Responsible finance)

SCSB adopts international standards and responses to the Principles for Responsible Banking (PRB), Principles for Responsible Investing (PRI) and so forth international initiatives for the development of green finance, integrating ESG into investments, credit, and wealth management and in every decision-making. With hopes to contribute to sustainable influences in the finance sector, driving a virtuous cycle stimulating the green economy.

3. (Sustainable environment)

SCSB complies with United Nations and government environmental protection policies, is concerned about climate change, establishes climate change risks assessments and management system, strengthens climate change resilience, supports green procurement, implements energy conservation and carbon reduction, and raises energy efficiency usage to stimulate sustainable environment, building a pleasant and inclusive environment.

4. (Social welfare)

SCSB upholds the concept of giving back to society and commits to corporate social responsibility. SCSB makes donations to its cultural and educational foundation and charity foundation with the goal to promote the society, culture, education, and charities, caring for the disadvantaged and participating in community development. It is in the hope to build up a harmonious, safe, pleasant and inclusive society.

5. (Rights of customers)

SCSB is committed to the service concept of "Customers' Considerations First." Thus, it builds a

corporate culture of treating customers fairly, maintaining customers' rights, and customer-oriented services. It also drives innovations, promotes digital transition, and finance products and services with professionalism, efficiency, and security. It is a goal to promote financial inclusion, and create partnerships working towards a better and win-win future together.

6. (Employee care)

SCSB complies with the United Nations Universal Declaration of Human Rights and values our employees, which is a key to sustainable development. We aim to enhance employee health and wellbeing and to create a happy enterprise by nurturing employees' professional capacity, accumulating human capital, actively caring for employee benefits, and creating a safe and friendly work environment.

7. (Corporate governance)

SCSB continues to enhance its corporate governance by aligning with international stewardship principles, promoting best practices in corporate governance and strengthening the functions and operations effectiveness of the Board of Directors. It is in the hope to guarantee shareholders' rights, value stakeholders' benefits, and increase transparency in information disclosure. This is to establish sustainable corporate governance culture promoting sustainable development.

8. (Promoting and Implementation)

SCSB establishes the Sustainable Development Committee and appoints Head Office as the responsible unit, integrating resources to realize all aspects of the policy objectives for environment, social, and corporate governance in an organizational and systemic way.

9. (Reporting and disclosure)

SCSB adopts the Global Reporting Initiatives (GRI) standards and guidelines by related regulations of competent authorities to prepare the annual sustainability report. The preparation includes obtaining third party verification, assurance, or

guarantee, and the report will be disclosed on the websites of TWSE MOPS and SCSB.

Chapter 4. Sustainable Development System and Related Management Directions

(Sustainable development system)

Article 5. SCSB's Head Office is the responsible unit for planning and promoting sustainable development. It is assigned with suitable personnel and a Sustainable Development Committee is established to integrate the promotion of sustainable development. Six major function groups are created under the Committee in responsible finance, environmental sustainability, social welfare, customers rights, employee care and corporate governance. In combination with SCSB's donations to its cultural and educational foundation and charity foundation resources, with such division of work, working together in the promotion of sustainable development.

(Sustainable development management direction)

Article 6. SCSB formulates the SCSB Standard for Sustainable Development Promotion based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies as its management direction for promoting sustainable development.

Chapter 5. Sustainable Development Promotion Plan

(Concrete sustainable development promotion plan)

Article 7. SCSB includes sustainable development in its operations activities and development direction. Concrete promoting plans are as below:

1. SCSB is committing to energy savings and carbon reduction by increasing its green energy proportion towards reaching the 2050 net zero carbon emissions goal in cooperating with the government's sustainable development policies and action plans.
2. SCSB will execute greenhouse gases emissions inventory and disclosure according to The Roadmap for Sustainable Development of Listed Companies by the Financial Supervisory Committee (FSC).

3. SCSB will establish a suitable system, governance, strategies, risks management, index and goals for climate change related risks management and opportunities to disclose management information on climate risks, in accordance with the Climate Change Risks and Financial Disclosure Guide for Domestic Banks by the FSC.
4. SCSB supports industry sustainable development by increasing the proportion of sustainable lending, investments and wealth management businesses, and releasing sustainable financial bonds in compliance with the Green Finance Action Plan 2.0 by the FSC, to contribute to sustainable finance influences.
5. SCSB responds to international initiatives by integrating Equator Principles, Principles for Responsible Banking and Principles for Responsible Investing, aligning with international sustainable development.
6. Besides the continuous promotion of the original activities and functions of SCSB's cultural and educational foundation and charity foundation, SCSB combines its volunteer resources and the financial resources of its foundations to promote the society, culture, and education and charity activities at the same time to enhance societal and cultural literacy. The organizing of the "Gratitude and Care" charity activity has been ongoing for the care of the disadvantaged and for community development. The same goes for the "Love Earth, Save Earth" charity activity to protect the ecological environment.
7. SCSB provides customer-centric, comprehensive financial products and services, establishes a new core information system, utilizes finance technologies, improves the digital platform functions, strengthens digital finance services, and realizes financial inclusion and principles in treating customers fairly to protect finance consumer rights.
8. SCSB guarantees basic human rights for its employees, strengthens talent nurturing, implements employee stock ownership trust, and actively cares for employee

benefits to provide a safe and friendly work environment.

9. SCSB complies with Corporate Governance 3.0 to strengthen its corporate governance, complete its corporate governance system, optimize the functions of the board of directors, increase communications with its stakeholders, and improve its stewardship practices to enhance its corporate governance performance.
10. SCSB makes establishments complying with international standards for Energy Management System and Environment and Occupational Health and Safety System, and has passed the international verifications, promoting sustainable procurement and consumption.

Chapter 6. Supplemental Provisions

Article 8. This Standard shall be implemented after approval by the Board of Directors and reported to the Shareholders General Meeting. The same applies to its amendments.

The Issuing Guidelines

For The Shanghai Commercial & Savings Bank Ltd.

1st Unsecured Subordinated Financial Debentures

Issue in 2021

Pursuant to the letter (no. 1090229155) of approval by the Financial Supervisory Commission dated 10 November, 2020, The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as "the Bank") issues the Bank's 1st Unsecured Subordinated Financial Debentures in 2021 with the following issuing guidelines:

- Article 1 Name of the Financial Debentures:
The Shanghai Commercial & Savings Bank Ltd 1st
Unsecured Subordinated Financial Debentures Issue in
2021 (hereinafter referred to as "the Debentures").
- Article 2 The Order of Priority of Claims and Investment Risk:
1. The Debentures are subordinated financial debentures, and the right of the holders of the Debentures to be compensated for repayment of the Debentures is subordinate to the right of all depositors of the Bank and other creditors (including holders of senior financial debentures of the Bank) and only better than the remaining property distribution rights of our shareholders. However, in case when the competent authority assigns officials to take receivership over the Bank, order the Bank to suspend and wind up business, or liquidate the Bank, the order of priority of claims shall be the same for the holders of the Debentures and the Bank's common equity shareholders.
 2. The Debentures are unsecured.
 3. The Debentures are not bank deposits and not insured by the Central Deposit Insurance Corporation.
- Article 3 The Debentures Credit Rating:

A+(twn) (Fitch Ratings October 12, 2021).

- Article 4 Sales Objects of the Debentures:
The Debentures must sell to "professional investor" as defined under Article 3 of the "Regulations Governing Offshore Structured Products".
- Article 5 Amount of Issuance and Par Value:
1. Amount of Issuance:
The total amount of issuance is NT\$ 5,000,000,000, divided into 2 series as follows:
Series A - The total amount of issuance is NT\$ 2,050,000,000.
Series B - The total amount of issuance is NT\$ 2,950,000,000.
2. Par Value:
The par value of each debenture is NT\$ 10,000,000.
- Article 6 Issuance Period (the Issuing and Maturity Dates):
Series A – 7 years (from Oct. 25, 2021 to Oct. 25, 2028)
Series B – 10 years (from Oct. 25, 2021 to Oct. 25, 2031)
- Article 7 Issue Price:
The Debentures will be issued at 100% of the par value.
- Article 8 Coupon Rate:
Series A –Coupon rate is 0.60% fixed per annum.
Series B –Coupon rate is 0.72% fixed per annum.
- Article 9 Method of Interest Calculation, Interest Payment and Principal Repayment:
1. Starting from the date of issuance, interest will be calculated once every year with simple interest method and paid once per year, based on the actual/actual basis.
2. Subject to the Bank's calculation, the amount of interest payment will be calculated based on the par value of each debenture and rounded to the nearest

NT dollar.

3. The principal of the Debentures is due at maturity and will be repaid 100% of par value in full.
4. If the date of principal repayment and/or interest payment is not a business day for the paying bank, the principal and/or interest will be paid on the first following day that is a business day and no additional interest will be accrued/paid. If the holders of the Debentures collect the principal and/or interest after the respective payment dates, no additional interest will be accrued or imposed further for such late payment.

Article 10 Form of the Debentures:

The Debentures issued in registered form without the printing of physical certificates, and the registration will be handled by the Taiwan Depository & Clearing Corporation.

Article 11 Listing and Trading:

The Debentures will be listed and traded on the Taipei Exchange.

Article 12 Prescription of the Principal and Interest of the Debentures:

The principal of the Debentures shall be payable within 15 years from the date the principal is due, and the interest shall be payable within 5 years from the interest payment date. No payment will be made after the foregoing periods.

Article 13 Announcement:

Matters relating to the Debentures required to be notified to the holders of the Debentures may be announced on the Market Observation Post System or by other means of announcement (including the Bank's website).

Article 14 Other Provisions:

1. The Debentures may be freely transferred and provided as security.
2. The Debentures shall be handled in accordance with the applicable laws when there is liquidation, clearance, bankruptcy or reorganization of the Bank. Except for the aforementioned circumstances, the holders or creditors of the Debentures cannot cancel the contract midway through the term of the Debentures, cannot sell the Debentures back to the Bank and may not require the Bank to pay the outstanding principal and interest in advance. If the Bank carries out liquidation proceedings or declares bankruptcy, the interest of the Debentures shall cease to be accrued from the date of commencement of the liquidation proceedings or the date of the declaration of bankruptcy, and the principal and interest shall be deemed to have expired. The holders of the Debentures should waive the exercise of the right of set-off.
3. The Bank and its affiliated businesses do not provide guarantee, collateral or other arrangements to enhance the seniority of the holders of the Debentures.
4. The handling of the transfer, provision as security, inheritance, gift, book-entry transfer of the Debentures and related operations shall be in accordance with the Taiwan Depository & Clearing Corporation related provisions and relevant laws and regulations, and the relevant handling costs shall be borne by the applicant.
5. When making interest payments, the Business Department shall withhold or deduct taxes and other fees pursuant to the Income Tax Act and other applicable laws.
6. The Business Department of the Bank's Head Office is in charge of principal repayment and interest payment services, and handles the book-entry

transfer of principal and interest in accordance with the list of the holders of the Debentures provided by the Taiwan Depository & Clearing Corporation.

Article 15 If there is any inadequacy of the Issuing Guidelines, it shall comply with the “Regulations Governing Issuance of Bank Debentures by Banks” enacted by the Financial Supervisory Commission, other relevant laws and regulations of the competent authorities as well as the Bank’s relevant regulations.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Shanghai Commercial & Savings Bank, Ltd.
Taipei, Taiwan

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2021 and 2020, its financial performance and its cash flows for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

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 Taiwan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of Taiwan, 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 financial statements for the year ended December 31, 2021. These matters

were addressed in the context of our audit of the 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 of the Bank's financial statements as of and for the year ended December 31, 2021 are described as follows:

Allowance for Impairment Losses on Discounts and Loans

The Bank primarily engages in the loan business. As of December 31, 2021, the loan business is significant to the accompanying financial statements. The Bank assessed its discounts and loans for impairment in accordance with IFRS 9 and recognized the allowance for bad debts according to authorities' regulations. The Bank's management applied the expected credit loss model in the impairment assessment of discounts and loans. The Bank assessed whether the credit risk had increased significantly since initial recognition by taking into consideration factors like the amount of impairment loss based on past experience, current market situation and perceptiveness. In addition, credit-impaired loans were also evaluated for the prospect of future recovery. Refer to Notes 4, 5, 14 and 38 to the financial statements for disclosures related to the impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimates and assumptions, we determined the impairment assessment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, our key audit procedures performed included the following:

1. We understood and tested the Bank's internal control procedures that were relevant to the assessment of loan impairment.
2. We verified that the method and important parameters adopted in the expected credit loss model had properly reflected actual situations and calculated the amount of impairment loss.
3. We tested the classification of credit assets and confirmed that the allowance for loss met the requirements of the competent authorities' regulations.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations

Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms for such internal control, as management determines is necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Taiwan 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Bank to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Bank 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 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 audits resulting in this independent auditors' report are Chun-Hung Chen, and Tzu-Jung Kuo.

Deloitte & Touche

Taipei, Taiwan

March 11, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in Taiwan. 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 financial statements shall prevail.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Code s		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11000	Cash and cash equivalents	\$ 35,872,472	3	\$ 37,427,286	3
11500	Due from the Central Bank and call loans to banks	79,087,362	6	107,088,363	8
12000	Financial assets measured at fair value through profit or loss	2,011,522	-	2,635,633	-
12100	Financial assets measured at fair value through other comprehensive income	230,166,946	17	234,358,461	17
12200	Investments in debt instruments measured at amortized cost	153,739,028	11	106,436,440	8
12500	Securities purchased under resell agreements	278,486	-	146,817	-
13000	Receivables, net	7,601,615	-	7,933,610	1
13200	Current income tax assets	1,024	-	71,571	-
13500	Discounts and loans, net	759,956,478	56	760,036,481	56
15000	Investments under the equity method, net	75,997,090	6	75,632,138	6
15500	Other financial assets, net	4,817	-	1,298,179	-
18500	Properties, net	12,356,199	1	12,086,661	1
18600	Right-of-use assets, net	712,482	-	833,353	-
19000	Intangible assets, net	170,199	-	108,574	-
19300	Deferred income tax assets	604,581	-	666,257	-
19500	Other assets, net	7,211,749	-	3,756,750	-
10000	Total assets	\$ 1,365,772,050	100	\$ 1,350,516,574	100
Code s	LIABILITIES AND EQUITY				
21000	Deposits from the central Bank and other banks	\$ 16,104,744	1	\$ 15,947,884	1
21500	Due to the central bank and other banks	17,787,080	1	6,052,010	1
22000	Financial liabilities measured at fair value through profit or loss	2,780,535	-	2,782,900	-
22500	Securities sold under repurchase agreements	14,505,024	1	25,781,411	2
23000	Payables	23,863,369	2	23,618,520	2
23200	Current income tax liabilities	606,423	-	744,511	-
23500	Deposits and remittances	1,050,439,562	77	1,038,553,856	77
24000	Bank debentures	66,950,000	5	66,850,000	5
25500	Other financial liabilities	2,823,239	-	2,163,455	-
25600	Provisions	1,811,506	-	1,763,688	-
26000	Lease liabilities	722,147	-	844,497	-
29300	Deferred income tax liabilities	8,408,491	1	9,164,381	1
29500	Other liabilities	1,168,114	-	1,146,205	-
20000	Total liabilities	1,207,970,234	88	1,195,413,318	89
	Equity				
31101	Ordinary shares	44,816,031	4	44,816,031	3
31500	Capital surplus	16,666,144	1	16,550,661	1
	Retained earnings				
32001	Legal reserve	60,224,639	4	56,344,918	4
32003	Special reserve	7,669,374	1	7,669,374	1
32005	Unappropriated earnings	27,585,920	2	24,913,053	2
32000	Total retained earnings	95,479,933	7	88,927,345	7
32500	Other equity	922,852	-	4,892,363	-
32600	Treasury shares	(83,144)	-	(83,144)	-
30000	Total equity	157,801,816	12	155,103,256	11
	Total liabilities and equity	\$ 1,365,772,050	100	\$ 1,350,516,574	100

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

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Year Ended December 31				Change
	2021		2020		
	Amount	%	Amount	%	%
41000 Interest income	\$ 16,021,891	68	\$ 18,514,299	81	(13)
51000 Interest expenses	4,381,269	19	6,892,369	30	(36)
49010 Net interest income	11,640,622	49	11,621,930	51	-
Non-interest income					
49100 Service fee income, net	3,420,118	14	3,078,928	14	11
49200 Gain(loss) on financial assets and liabilities measured at fair value through profit or loss	(116,342)	-	963,407	4	(112)
49310 Realized gain on financial assets measured at fair value through other comprehensive income	1,095,311	5	1,025,744	5	7
49450 Gain on Investment in debt instruments measured at amortized cost	5,420	-	1,526	-	255
49600 Foreign exchange gain(loss), net	1,101,814	5	(177,779)	(1)	720
49700 Impairment loss on assets	(4,172)	-	(21,445)	-	(81)
49750 Proportionate share of profit of associates under the equity method	6,404,583	27	6,256,337	27	2
49800 Other non-interest income, net	46,418	-	62,339	-	(26)
49020 Total non-interest income	11,953,150	51	11,189,057	49	7
4xxxx Net revenue	23,593,772	100	22,810,987	100	3
58200 Provisions for bad-debt expense, commitment and guarantee liability	900,164	4	900,000	4	-
Operating expenses					
58500 Employee benefits	4,564,595	19	4,384,983	19	4
59000 Depreciation and amortization	631,324	3	615,362	3	3
59500 Other general and administrative	2,148,294	9	2,138,014	9	-
58400 Total operating expenses	7,344,213	31	7,138,359	31	3
61001 Profit before income tax	15,349,395	65	14,772,628	65	4
61003 Income tax expense	(1,093,814)	(5)	(1,309,683)	(6)	(16)
64000 Net income	14,255,581	60	13,462,945	59	6
Items that will not be reclassified subsequently to profit or loss:					
65201 Remeasurement of defined benefit plans	(132,455)	(1)	(134,006)	-	(1)
65204 Gain on investments in equity instruments measured at fair value through other comprehensive income	962,319	4	201,221	1	378
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk	17,650	-	51,831	-	(66)
65207 Proportionate share of other comprehensive income of associates under the equity method	(551,964)	(2)	(1,082,469)	(5)	(49)
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss	25,740	-	26,394	-	(2)
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	321,290	1	(937,029)	(4)	134
Items that may be reclassified subsequently to profit or loss:					
65301 Exchange differences on translating foreign operations	(1,289,632)	(5)	(5,095,716)	(23)	(75)
65307 Share of the other comprehensive income of associates accounted for using the equity method	(1,643,022)	(7)	1,539,302	7	(207)
65309 Gain on debt instruments measured at fair value through other comprehensive income	(1,968,286)	(8)	1,095,732	5	(280)
65310 Loss allowance for debt instruments measured at fair value through other comprehensive income	5,081	-	21,392	-	(76)
65320 Income tax relating to items that may be reclassified subsequently to profit or loss	520,790	2	718,232	3	(27)
65300 Subtotal of items that may be reclassified subsequently to profit or loss	(4,375,069)	(18)	(1,721,058)	(8)	(154)
65000 Other comprehensive income for the period, net of income tax	(4,053,779)	(17)	(2,658,087)	(12)	(53)
66000 Total comprehensive income for the period	\$ 10,201,802	43	\$ 10,804,858	47	(6)
Earnings per share					
67500 Basic	\$ 3.19		\$ 3.01		
67700 Diluted	\$ 3.19		\$ 3.01		

The accompanying notes are an integral part of the financial statements

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		<u>Share Capital</u>		<u>Retained Earnings</u>			<u>Other Equity</u>				
		(Note 30)					Exchange Differences on		Change in Credit Risk From Financial Liabilities		Total Equity
Codes		Ordinary	Capital Surplus			Unappropriated	Translating	Change in Financial Assets	Designated	Treasury Shares	Attributable to Owners of the
		Shares	(Note 30)	Legal Reserve	Special Reserve	Earnings	Foreign Operations	at FVTOCI	at FVTPL		Bank
A1	Balance at January 1, 2020	\$ 44,816,031	\$ 16,432,561	\$ 51,946,585	\$ 7,669,374	\$ 25,566,273	\$ (1,905,481)	\$ 9,170,839	\$ (45,419)	\$ (83,144)	\$ 153,567,619
	Appropriation of 2019 earnings										
B1	Legal reserve	-	-	4,398,333	-	(4,398,333)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(9,187,286)	-	-	-	-	(9,187,286)
C7	Changes in capital surplus from subsidiaries accounted for using the equity method	-	10,798	-	-	-	-	-	-	-	10,798
C17	Unclaimed dividends	-	107,302	-	-	-	-	-	-	-	107,302
M5	Changes in equity of subsidiaries	-	-	-	-	(200,035)	-	-	-	-	(200,035)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	13,462,945	-	-	-	-	13,462,945
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(105,249)	(3,737,681)	1,133,012	51,831	-	(2,658,087)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	13,357,696	(3,737,681)	1,133,012	51,831	-	10,804,858
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(225,262)	-	225,262	-	-	-
Z1	Balance at December 31, 2020	44,816,031	16,550,661	56,344,918	7,669,374	24,913,053	(5,643,162)	10,529,113	6,412	(83,144)	155,103,256
	Appropriation of 2020 earnings										
B1	Legal reserve	-	-	3,879,721	-	(3,879,721)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(7,618,725)	-	-	-	-	(7,618,725)
C7	Changes in capital surplus from subsidiaries accounted for using the equity method	-	8,954	-	-	-	-	-	-	-	8,954
C17	Unclaimed dividends	-	106,529	-	-	-	-	-	-	-	106,529
D1	Net profit for the year ended December 31, 2021	-	-	-	-	14,255,581	-	-	-	-	14,255,581
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(110,225)	(1,220,626)	(2,740,578)	17,650	-	(4,053,779)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,145,356	(1,220,626)	(2,740,578)	17,650	-	10,201,802
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	25,957	-	(25,957)	-	-	-
Z1	Balance at December 31, 2021	<u>\$ 44,816,031</u>	<u>\$ 16,666,144</u>	<u>\$ 60,224,639</u>	<u>\$ 7,669,374</u>	<u>\$ 27,585,920</u>	<u>\$ (6,863,788)</u>	<u>\$ 7,762,578</u>	<u>\$ 24,062</u>	<u>\$ (83,144)</u>	<u>\$ 157,801,816</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31	
		2021	2020
	Cash flows from operating activities		
A00010	Net profit before income tax	\$ 15,349,395	\$ 14,772,628
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	473,952	464,600
A20200	Amortization expenses	157,372	150,762
A20300	Provisions for bad debt expense, commitment and guarantee liability	900,164	900,000
A20400	Loss (gain) on financial assets and liabilities at fair value through profit or loss	459,411	(274,016)
A20900	Interest expenses	4,381,269	6,892,369
A21200	Interest income	(16,021,891)	(18,514,299)
A21300	Dividend income	(513,944)	(399,738)
A22400	Proportionate share of profit of associates	(6,404,583)	(6,256,337)
A22500	(Gain) loss on disposal of properties and equipment, net	(906)	5,512
A23500	Loss on expected credit loss	4,630	21,418
A23700	Loss on non-financial asset impairment	-	27
A23800	(Reversal) loss on non-financial asset impairment	(458)	-
A29900	Other adjustments	(416,532)	589,197
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	12,728,949	8,620,257
A41120	Financial assets measured at fair value through profit or loss	483,154	1,049,941
A41123	Financial assets measured at fair value through other comprehensive income	3,246,718	(25,592,887)
A41125	Investments in debt instruments measured at amortized cost	(47,308,683)	(6,693,412)
A41150	Receivables	83,703	(664,025)
A41160	Discounts and loans	(684,841)	(38,051,244)
A41190	Other financial assets	1,293,148	3,986,054
A42110	Deposits from the central Bank and other banks	156,860	(9,795,883)
A42120	Financial liabilities at fair value through profit or loss	(303,169)	(116,076)
A42140	Securities sold under repurchase agreements	(11,276,387)	14,720,790
A42150	Payables	539,711	4,124,366
A42160	Deposits and remittances	11,885,706	50,274,797
A42170	Other financial liabilities	659,784	(1,428,419)
A42180	Employee benefit provisions	(164,168)	(122,476)
A42990	Other liabilities	109,382	12,975
A33000	Cash flows used in operations	(30,182,254)	(1,323,119)
A33100	Interest received	16,303,014	19,574,649
A33200	Dividends received	3,310,243	2,525,887
A33300	Interest paid	(4,559,608)	(7,292,471)
A33500	Income tax paid	(952,343)	(1,210,200)
AAAA	Net cash flows (used in) from operating activities	(16,080,948)	12,274,746

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31	
		2021	2020
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (448,376)	\$ (292,637)
B02800	Proceeds from disposal of properties	5,168	1,671
B03700	Increase(decrease) in refundable deposits	137,970	(187,112)
B04500	Acquisition of intangible assets	(141,520)	(70,991)
B06800	Increase in other assets	(3,670,152)	(841,669)
BBBB	Net cash flows used in investing activities	(4,116,910)	(1,390,738)
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	11,735,070	6,052,010
C01400	Proceeds from issuance of financial bonds	5,000,000	10,000,000
C01500	Payments for financial bonds	(4,900,000)	-
C03100	Decrease in guarantee deposits received	(87,515)	(110,513)
C04020	Payments for principal portion of lease liabilities	(306,182)	(300,945)
C04500	Payment of cash dividend	(7,618,725)	(9,187,286)
C05400	Acquisition of subsidiaries	(158,688)	(766,492)
CCCC	Net cash flows from financing activities	3,663,960	5,686,774
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(161,299)	(300,302)
EEEE	Net (decrease) increase in cash and cash equivalents	(16,695,197)	16,270,480
E00100	Cash and cash equivalents at the beginning of the period	88,509,671	72,239,191
E00200	Cash and cash equivalents at the end of the period	\$ 71,814,474	\$ 88,509,671

Reconciliation of the cash and cash equivalents amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of December 31, 2021 and 2020:

Codes	December 31, 2021	December 31, 2020
E00210	Cash and cash equivalents in balance sheets	\$ 35,872,472
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	35,663,516
E00230	Securities purchased under resell agreements which fall within the definition of cash and cash equivalents under IAS 7	278,486
E00200	Cash and cash equivalents in statements of cash flows	\$ 71,814,474
		\$ 88,509,671

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Shanghai Commercial & Savings Bank, Ltd.
Taipei, Taiwan

Opinion

We have audited the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), 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 year ended December 31, 2021 and 2020, 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 Group as of December 31, 2021 and 2020, its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and SIC interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

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 Taiwan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of Taiwan, 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 related to the Group's consolidated financial statements as of and for the year ended December 31, 2021 are described as follows:

Allowance for Impairment Losses of Discounts and Loans

The Group primarily engages in the loan business. As of December 31, 2021, the loan business is significant to the accompanying consolidated financial statements. The Bank conducted its impairment assessment of discounts and loans and recognized allowance for bad debts according to the requirements of IFRS 9 and the authorities' regulations. The Bank's management assessed the impairment of discounts and loans by using the expected credit loss model. The Group assesses whether the credit risk has increased significantly since initial recognition by taking into consideration factors like the amount of loss on impairment, past experience, current market situation and prospective information, etc. In addition, credit-impaired loans are also evaluated for possible future recovery. Refer to Notes 4, 5, 14 and 40 to the consolidated financial statements for disclosures related to impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimation and the underlying assumptions, we then determined the impairment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, the following procedures were performed:

1. We understood and tested the Group's internal control procedures that were relevant to the assessment of loan impairment.
2. We verified that the method and important parameters adopted in the expected credit loss model had properly reflected actual situations and calculated the amount of impairment loss.
3. We tested the classification of credit assets and confirmed that the allowance for loss met the requirements of the competent authorities' regulations.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

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 IFRS, IAS, SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in Taiwan 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 Taiwan, 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimation and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

applicable, related safeguards.

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

The engagement partners on the audits resulting in this independent auditors' report are Chun-Hung Chen and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan

March 11, 2022

Notice to Readers

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

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 Taiwan. 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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11000	Cash and cash equivalents	\$ 70,381,813	3	\$ 80,572,282	4
11500	Due from the Central Bank and call loans to banks	211,566,159	10	208,799,780	10
12000	Financial assets measured at fair value through profit or loss	10,598,012	1	13,657,815	1
12100	Financial assets measured at fair value through other comprehensive income	518,556,855	24	508,237,023	24
12200	Investments in debt instruments measured at amortized cost	159,319,588	8	107,685,748	5
12500	Securities purchased under resell agreements	278,486	-	146,817	-
13000	Receivables, net	15,216,288	1	18,542,624	1
13200	Current income tax assets	62,485	-	122,342	-
13300	Assets for sale	-	-	85,844	-
13500	Discounts and loans, net	1,112,234,779	52	1,136,430,305	54
15000	Investments under the equity method, net	1,922,359	-	1,880,035	-
15500	Other financial assets, net	4,817	-	1,298,179	-
18500	Properties, net	20,596,416	1	20,623,537	1
18600	Right-of-use assets, net	1,809,919	-	2,206,304	-
18700	Investment properties, net	5,981,151	-	5,806,484	-
19000	Intangible assets, net	1,665,724	-	1,657,682	-
19300	Deferred income tax assets	1,236,260	-	1,263,521	-
19500	Other assets, net	8,201,600	-	4,725,468	-
10000	Total assets	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,113,741,790</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY				
21000	Deposits from the central bank and other banks	\$ 52,655,889	3	\$ 46,817,661	2
21500	Due to the central bank and other banks	17,787,080	1	6,052,010	-
22000	Financial liabilities measured at fair value through profit or loss	3,670,954	-	6,134,500	-
22500	Securities sold under repurchase agreements	14,505,024	1	25,781,411	1
23000	Payables	29,428,955	1	31,908,782	2
23200	Current income tax liabilities	1,184,757	-	1,251,695	-
23500	Deposits and remittances	1,707,602,522	80	1,685,896,814	80
24000	Bank debentures	82,091,512	4	82,223,874	4
25500	Other financial liabilities	4,784,006	-	4,480,945	-
25600	Provisions	2,932,800	-	2,815,862	-
26000	Lease liabilities	1,868,929	-	2,287,181	-
29300	Deferred income tax liabilities	8,691,595	-	9,920,049	1
29500	Other liabilities	3,190,488	-	3,071,794	-
20000	Total liabilities	<u>1,930,394,511</u>	<u>90</u>	<u>1,908,642,578</u>	<u>90</u>
	Equity				
	Equity attributable to owners of the Bank				
	Share capital				
31101	Ordinary shares	<u>44,816,031</u>	<u>2</u>	<u>44,816,031</u>	<u>2</u>
31500	Capital surplus	<u>16,666,144</u>	<u>1</u>	<u>16,550,661</u>	<u>1</u>
	Retained earnings				
32001	Legal reserve	60,224,639	3	56,344,918	3
32003	Special reserve	7,669,374	-	7,669,374	-
32005	Unappropriated earnings	27,585,920	1	24,913,053	1
32000	Total retained earnings	<u>95,479,933</u>	<u>4</u>	<u>88,927,345</u>	<u>4</u>
32500	Other equity	<u>922,852</u>	<u>-</u>	<u>4,892,363</u>	<u>-</u>
32600	Treasury shares	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
31000	Total equity attributable to owners of the Bank	157,801,816	7	155,103,256	7
38000	Non-controlling interests	<u>51,436,384</u>	<u>3</u>	<u>49,995,956</u>	<u>3</u>
30000	Total equity	<u>209,238,200</u>	<u>10</u>	<u>205,099,212</u>	<u>10</u>
	Total liabilities and equity	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,113,741,790</u>	<u>100</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Year Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		For the Year Ended December 31				Change %
		2021		2020		
Codes		Amount	%	Amount	%	
41000	Interest income	\$ 35,519,115	93	\$ 41,987,057	111	(15)
51000	Interest expenses	9,048,820	24	15,598,447	41	(42)
49010	Net interest income	26,470,295	69	26,388,610	70	-
	Non-interest income					
49100	Service fee income, net	6,313,428	16	6,603,808	17	(4)
49200	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(173,417)	-	1,148,501	3	(115)
49310	Realized gain on financial assets measured at fair value through other comprehensive income	2,254,204	6	2,270,602	6	(1)
49450	Gain on financial assets measured at amortized cost	5,420	-	1,526	-	255
49600	Foreign exchange gain, net	2,250,123	6	418,519	1	438
49700	Impairment loss on assets	(29,274)	-	(38,470)	-	(24)
49750	Proportionate share of profit of associates under the equity method	273,442	1	235,013	1	16
49800	Other non-interest income, net	808,281	2	803,668	2	1
49020	Total non-interest income	11,702,207	31	11,443,167	30	2
4xxxx	Consolidated net revenue	38,172,502	100	37,831,777	100	1
58200	Provisions for bad-debt expense, commitment and guarantee liability	1,241,757	3	1,671,916	4	(26)
	Operating expenses					
58500	Employee benefits	9,338,175	25	9,009,668	24	4
59000	Depreciation and amortization	1,659,855	4	1,713,459	5	(3)
59500	Other general and administrative	3,793,366	10	3,882,966	10	(2)
58400	Total operating expenses	14,791,396	39	14,606,093	39	1
61001	Profit before income tax	22,139,349	58	21,553,768	57	3
61003	Income tax expense	(3,468,731)	(9)	(3,739,152)	(10)	(7)
64000	Consolidated net income	18,670,618	49	17,814,616	47	5
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	(136,717)	-	(132,050)	-	4
65204	Gain on investments in equity instruments measured at fair value through other comprehensive income	59,659	-	(1,745,615)	(5)	103
65205	Financial liabilities designated at FVTPL which the amount of change derived from credit risk	17,650	-	51,831	-	(66)
65207	Proportionate share of other comprehensive income of associates under the equity method	(1,404)	-	-	-	-
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss	11,807	-	38,899	-	(70)
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	(49,005)	-	(1,786,935)	(5)	(97)
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	(2,141,546)	(6)	(7,594,796)	(20)	(72)
65307	Share of the other comprehensive income of associates accounted for using the equity method	(32,530)	-	22,991	-	(241)
65309	Gain (loss) on debt instruments measured at fair value through other comprehensive income	(4,922,225)	(13)	3,211,323	9	(253)
65310	Loss allowance for debt instruments measured at fair value through other comprehensive income	28,726	-	35,923	-	(20)
65320	Income tax relating to items that may be reclassified subsequently to profit or loss	564,240	2	532,247	1	6
65300	Subtotal of items that may be reclassified subsequently to profit or loss	(6,503,335)	(17)	(3,792,312)	(10)	(71)
65000	Other comprehensive income for the period, net of income tax	(6,552,340)	(17)	(5,579,247)	(15)	(17)
66000	Total comprehensive income for the period	\$ 12,118,278	32	\$ 12,235,369	32	(1)
	Net profit attributable to:					
67101	Owners of the Bank	\$ 14,255,581	37	\$ 13,462,945	36	6
67111	Non-controlling interests	4,415,037	12	4,351,671	11	1
67100		\$ 18,670,618	49	\$ 17,814,616	47	5
	Total comprehensive income attributable to:					
67301	Owners of the Bank	\$ 10,201,802	27	\$ 10,804,858	28	(6)
67311	Non-controlling interests	1,916,476	5	1,430,511	4	34
67300		\$ 12,118,278	32	\$ 12,235,369	32	(1)
	Earnings per share					
67500	Basic	\$3.19		\$3.01		
67700	Diluted	\$3.19		\$3.01		

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Year Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Bank											
		Share Capital		Retained Earnings			Other Equity				Total Equity		
		Ordinary				Unappropriated	Exchange	Change in	Change in Credit	Treasury	Attributable to	Non-controlling	
							Differences on		Risk From				
							Translating		Financial				Liabilities
						Foreign	Assets	Designated		Owners of the	Interests	Total Equity	
Codes		Shares	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Operations	at FVTOCI	at FVTPL	Shares	Bank		
A1	Balance on January 1, 2020	\$ 44,816,031	\$ 16,432,561	\$ 51,946,585	\$ 7,669,374	\$ 25,566,273	\$ (1,905,481)	\$ 9,170,839	\$ (45,419)	\$ (83,144)	\$ 153,567,619	\$ 50,658,706	\$ 204,226,325
B1	Appropriation of 2019 earnings	-	-	4,398,333	-	(4,398,333)	-	-	-	-	-	-	-
B5	Legal reserve	-	-	-	-	(9,187,286)	-	-	-	-	(9,187,286)	-	(9,187,286)
	Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
C7	Changes in capital surplus from investments in associates under the equity method	-	10,798	-	-	-	-	-	-	-	10,798	-	10,798
C17	Unclaimed dividends	-	107,302	-	-	-	-	-	-	-	107,302	-	107,302
M7	Changes in equity of subsidiaries	-	-	-	-	(200,035)	-	-	-	-	(200,035)	(566,457)	(766,492)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	13,462,945	-	-	-	-	13,462,945	4,351,671	17,814,616
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(105,249)	(3,737,681)	1,133,012	51,831	-	(2,658,087)	(2,921,160)	(5,579,247)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	13,357,696	(3,737,681)	1,133,012	51,831	-	10,804,858	1,430,511	12,235,369
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(225,262)	-	225,262	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,526,804)	(1,526,804)
Z1	Balance on December 31, 2020	\$ 44,816,031	16,550,661	56,344,918	7,669,374	24,913,053	(5,643,162)	10,529,113	6,412	(83,144)	155,103,256	49,995,956	205,099,212
B1	Appropriation of 2020 earnings	-	-	3,879,721	-	(3,879,721)	-	-	-	-	-	-	-
B5	Legal reserve	-	-	-	-	(7,618,725)	-	-	-	-	(7,618,725)	-	(7,618,725)
	Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
C7	Changes in capital surplus from investments in associates under the equity method	-	8,954	-	-	-	-	-	-	-	8,954	-	8,954
C17	Unclaimed dividends	-	106,529	-	-	-	-	-	-	-	106,529	-	106,529
D1	Net profit for the year ended December 31, 2021	-	-	-	-	14,255,581	-	-	-	-	14,255,581	4,415,037	18,670,618
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(110,225)	(1,220,626)	(2,740,578)	17,650	-	(4,053,779)	(2,498,561)	(6,552,340)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,145,356	(1,220,626)	(2,740,578)	17,650	-	10,201,802	1,916,476	12,118,278
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	25,957	-	(25,957)	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(476,048)	(476,048)
Z1	Balance on December 31, 2021	\$ 44,816,031	\$ 16,666,144	\$ 60,224,639	\$ 7,669,374	\$ 27,585,920	\$ (6,863,788)	\$ 7,762,578	\$ 24,062	\$ (83,144)	\$ 157,801,816	\$ 51,436,384	\$ 209,238,200

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Year Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31	
		2021	2020
A00010	Cash flows from operating activities		
	Consolidated net profit before income tax	\$ 22,139,349	\$ 21,553,768
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	1,445,349	1,500,044
A20200	Amortization expenses	214,506	213,415
A20300	Provisions for bad debt expense, commitment and guarantee liability	1,241,757	1,671,916
A20400	Gain on financial assets and liabilities measured at fair value through profit or loss	608,765	(334,143)
A20900	Interest expenses	9,048,820	15,598,447
A21200	Interest revenue	(35,519,115)	(41,987,057)
A21300	Dividend income	(1,285,004)	(1,135,181)
A22300	Proportionate share of profit of associates	(273,442)	(235,013)
A22500	Loss on disposal of properties and equipment, net	9,728	37,546
A23500	Loss on expected credit loss	29,732	38,443
A23700	Gain (loss) on non-financial asset impairment	(458)	27
A29900	Others	(370,072)	43,231
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(1,160,905)	(10,655,376)
A41120	Financial assets measured at fair value through profit or loss	2,557,642	(2,203,832)
A41123	Financial assets measured at fair value through other comprehensive income	(20,490,376)	(34,909,196)
A41125	Investment in debt instruments measured at amortized cost	(51,815,782)	(2,175,967)
A41150	Receivables	2,674,895	(1,945,870)
A41160	Discounts and loans	16,873,205	(49,198,128)
A41190	Other financial assets	1,293,187	3,986,171
A42110	Deposits from the central bank and other banks	6,271,597	(24,595,060)
A42120	Financial liabilities at fair value through profit or loss	(2,720,636)	2,278,366
A42140	Securities sold under repurchase agreements	(11,276,387)	14,720,790
A42150	Payables	(1,584,048)	6,518,452
A42160	Deposits and remittances	30,659,135	71,380,175
A42170	Other financial liabilities	301,719	(1,616,370)
A42180	Employee benefit provisions	(54,763)	(143,809)
A42990	Other liabilities	44,863	(287,326)
A33000	Cash from (used in) operations	(31,136,739)	(31,881,537)
A33100	Interest received	35,854,912	43,437,735
A33200	Dividends received	1,343,473	1,167,720
A33300	Interest paid	(9,536,911)	(17,299,674)
A33500	Income tax paid	(3,220,206)	(5,089,839)
AAAA	Net cash from (used in) operating activities	(6,695,471)	(9,665,595)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Year Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<u>For the Year Ended December 31</u>	
		<u>2021</u>	<u>2020</u>
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (843,564)	\$ (680,929)
B02800	Proceeds from disposal of properties	5,208	2,319
B02600	Proceeds from assets for sale	261,345	-
B03700	Increase in refundable deposits	(46)	(302,611)
B03800	Decrease in refundable deposits	163,666	45
B04500	Acquisition of intangible assets	(169,240)	(72,892)
B05400	Acquisition of investment properties	(335,733)	(546,372)
B06700	Increase in other assets	(3,744,492)	(1,114,581)
BBBB	Net cash from (used in) investing activities	(4,662,856)	(2,715,021)
	Cash flows from financing activities		
C00400	Increase in funds borrowed from central bank and Banks	11,735,070	6,052,010
C01400	Proceeds from issuance of bank debentures	5,000,000	10,000,000
C01500	Payments for bank debentures	(4,900,000)	-
C03000	Increase in guarantee deposits received	141,806	6,011
C03100	Decrease in guarantee deposits received	(89,106)	(229,767)
C05400	Acquisition of subsidiaries	-	(766,492)
C04020	Payments for principal portion of lease liabilities	(745,095)	(963,358)
C05600	Payment of cash dividend	(7,609,771)	(9,176,489)
C05800	Changes in non-controlling interests	(476,048)	(1,526,804)
CCCC	Net cash from (used in) financing activities	3,056,856	3,395,111
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(5,491,573)	(3,596,318)
EEEE	Net decrease in cash and cash equivalents	(13,793,044)	(12,581,823)
E00100	Cash and cash equivalents at the beginning of the period	195,843,112	208,424,935
E00200	Cash and cash equivalents at the end of the period	\$ 182,050,068	\$ 195,843,112

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2021 and 2020:

<u>Codes</u>		<u>December 31, 2021</u>	<u>December 31, 2020</u>
E00210	Cash and cash equivalents in consolidated balance sheets	\$ 70,381,813	\$ 80,572,282
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	111,389,769	115,124,013
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	278,486	146,817
E00200	Cash and cash equivalents in consolidated statements of cash flows	\$ 182,050,068	\$ 195,843,112

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

2021 Earnings Distribution Plan

Items	Unit : NT\$ Total
Beginning Unappropriated Retained Earnings	\$13,414,607,786
Net Income for the period	14,255,581,385
Less : Remeasurements of defined benefit plans	(110,225,724)
Add : Gain on disposal of equity instruments measured at fair value through other comprehensive income	25,957,350
Net income for the period after adjusting items should be included in the unappropriated retained earnings	\$14,171,313,011
Reserves:	
Less : Legal reserve(30%)	(4,251,393,903)
Retained earnings available for distribution for this period	\$23,334,526,894
Distribution item :	
Cash dividends to common share holders (\$1.80 per share)	(8,066,885,652)
Unappropriated Retained Earnings	\$15,267,641,242

Note :

1. It is planned to give priority to handle all kinds of distributions with earnings in 2021.
2. The cash dividends are distributed pro rata and are rounded down to the nearest whole number. The fractional balance of dividends less than NT\$1 will be summed up and recognized as other income of the Company.

The Shanghai Commercial & Savings Bank, Ltd.
Comparison Table of Amended Articles of Incorporation

Content of Article after Amendment	Content of Article before Amendment
<p>Article 14:</p> <p>Unless otherwise prescribed in laws and/or regulations concerned, the regular shareholders' meeting shall be convened by the board of directors according to the legal procedures within six (6) months from closing of every fiscal year.</p> <p><u>When necessary, the Bank's shareholders' meetings can be held through the deliberation by a resolution of board meetings by means of visual communication network or other methods promulgated by the central competent authority.</u></p> <p><u>In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u></p>	<p>Article 14:</p> <p>Unless otherwise prescribed in laws and/or regulations concerned, the regular shareholders' meeting shall be convened by the board of directors according to the legal procedures within six (6) months from closing of every fiscal year.</p>
<p>Article 17:</p> <p>Each share is entitled to one voting power unless otherwise prescribed in laws and/or regulations concerned.</p> <p>The Bank whose shareholders <u>should</u> exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power, and shall adopt the electronic transmission as one of the methods</p>	<p>Article 17:</p> <p>Each share is entitled to one voting power unless otherwise prescribed in laws and/or regulations concerned.</p> <p>The Bank whose shareholders exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power, and shall adopt the electronic transmission as one of the methods</p>

<p>for exercising the voting power. Shareholders who exercises their voting power at a shareholders meeting in writing or by way of electronic transmission <u>as set forth in the preceding. Paragraph</u> shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived their voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.</p>	<p>for exercising the voting power. Shareholders who exercise their voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived their voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.</p>
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The Shanghai Commercial Savings Bank Co., Ltd.

Acquisition and disposal of Assets Procedure

Amendment clause

Amendment provisions	Current provisions
<p>Article 4</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon</p>	<p>Article 4</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon</p>

<p>was received.</p> <ol style="list-style-type: none"> 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-discipline regulations of their respective trade associations</u> and the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>implementing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and 	<p>was received.</p> <ol style="list-style-type: none"> 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness,</u>
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<p>reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u>, reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p><u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>accurate</u>, and that they have complied with applicable laws and regulations.</p>
Chapter II Acquisition and disposal of assets	Chapter II Acquisition and disposal of assets
<p>Article 5</p> <p>Acquired and disposed of in the scope of Article 2 shall, in addition to complying with the provisions of this procedure, be submitted to the sponsoring department or unit for reporting to the evaluation methods and operating procedures approved by the Board of Directors.</p> <p>The following items shall be recorded in the assessment and operation procedures of the preceding paragraph and shall be handled in accordance with the established procedures:</p> <p>1. Appraisal procedures: Shall include the means of price</p>	<p>Article 5</p> <p>Acquired and disposed of in the scope of Article 2 shall, in addition to complying with the provisions of this <u>procedure</u>, be submitted to the sponsoring department or unit for reporting to the evaluation methods and operating procedures approved by the Board of Directors.</p> <p>The following items shall be recorded in the assessment and operation procedures of the preceding paragraph and shall be handled in accordance with the established procedures:</p> <p>1. Appraisal procedures: Shall include the means of price</p>

<p>determination and supporting reference materials.</p> <p>2. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</p> <p>For the acquisition of real property and its right-to-use assets that are not used for business purposes shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>For the acquisition the total amount of securities obtained and the limits of individual securities shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>The company's related party transactions, engaging in derivative commodity transactions, conducting business mergers, divisions, acquisitions or share transfers shall, in addition to complying with the provisions of this procedure, be handled in accordance with the relevant operational procedures.</p> <p>The company shall supervise the subsidiaries to stipulate and implement the procedures for obtaining or disposing of assets in accordance with the "Regulations Governing the</p>	<p>determination and supporting reference materials.</p> <p>2. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</p> <p>For the acquisition of real property and its right-to-use assets that are not used for business purposes shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>For the acquisition the total amount of securities obtained and the limits of individual securities shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>The company's related party transactions, engaging in derivative commodity transactions, conducting business mergers, divisions, acquisitions or share transfers shall, in addition to complying with the provisions of this procedure, be handled in accordance with the relevant operational procedures.</p> <p>The company shall supervise the subsidiaries to stipulate and implement the procedures for obtaining or disposing of assets in accordance with the "Regulations Governing the</p>
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Acquisition and Disposal of Assets of Public Companies” and control procedures for the acquisition and disposal of assets by subsidiaries.	Acquisition and Disposal of Assets of Public Companies” and control procedures for the acquisition and disposal of assets by subsidiaries.
<p>Article 6</p> <p>In acquiring or disposing of real property or equipment 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 government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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:</p> <ol style="list-style-type: none"> 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, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or 	<p>Article 6</p> <p>In acquiring or disposing of real property or equipment 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 government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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:</p> <ol style="list-style-type: none"> 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, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or

<p>more, appraisals from two or more professional appraisers shall be obtained.</p> <p>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 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may</p>	<p>more, appraisals from two or more professional appraisers shall be obtained.</p> <p>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 <u>the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may</p>
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<p>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.</p>	<p>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.</p>
<p>Article 7 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</p>	<p>Article 7 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. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This</p>

Supervisory Commission (FSC).	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).
<p>Article 8</p> <p>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 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.</p>	<p>Article 8</p> <p>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 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; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>
Chapter III Related Party Transactions	Chapter III Related Party Transactions
<p>Article 12</p> <p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from</p>	<p>Article 12</p> <p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from</p>

<p>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 more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 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 13 and Article 14. 	<p>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 more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 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 13 and Article 14.
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<p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 5, paragraph 2, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain</p>	<p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28, 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 agreed by the Audit Committee and approved by the board of directors need not be counted toward the transaction</p>
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<p>amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 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. <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of</p>	<p>amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 5, paragraph 2, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 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. <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of</p>
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all audit committee members as required in the paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

If the Company or its subsidiary has a transaction in Paragraph 1 and the transaction amount is more than 10% of the total assets of the Company, the listed materials shall be submitted to the Annual general meeting for approval before the transaction contract can be signed and payment can be made. However, transactions between the Company and its subsidiaries, or between subsidiaries, are not subject to this limitation.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28, paragraph 2 herein, and "within the preceding year" as used herein

all audit committee members as required in the paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

<p>refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the Audit Committee and approved by the board of directors and <u>Annual general meeting</u> need not be counted toward the transaction amount.</p>	
<p>Chapter VI Public Disclosure of Information</p>	<p>Chapter VI Public Disclosure of Information</p>
<p>Article 28</p> <p>Under any of the following circumstances, the 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:</p> <p>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</p>	<p>Article 28</p> <p>Under any of the following circumstances, the 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:</p> <p>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</p>

<p>under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>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</p>	<p>under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>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</p>
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<p>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.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>B. Where done by professional investors – securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics</u> (excluding</p>	<p>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.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Where done by professional investors – securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and</p>
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<p>subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>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.</u></p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 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 	<p>issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 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
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<p>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.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"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.</p> <p>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.</p> <p>When the company at the time of public announcement makes</p>	<p>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.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"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.</p> <p>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.</p> <p>When the company at the time of public announcement makes</p>
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<p>an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>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.</p>	<p>an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>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.</p>
<p>Chapter VII Additional Provisions</p>	<p>Chapter VII Additional Provisions</p>
<p>Article 32</p> <p>Anyone who violates the procedures and the “<u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u>” of the FSC shall be considered in accordance with the company's working rules and staff service treatment methods.</p>	<p>Article 32</p> <p>Anyone who violates the <u>procedures</u> and the “Acquisition and Disposal of Assets by Public Companies” of the FSC shall be considered in accordance with the company's working rules and staff service treatment methods.</p>