

Stock Code:5876



上海商業儲蓄銀行股份有限公司  
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## Handbook for the 2024 Annual General Meeting of Shareholders

**MEETING TIME** : 9:00 a.m. on Friday, June 21, 2024

**PLACE** : 2F., No. 6, Sec. 3, Minsheng E. Rd., Zhongshan Dist.,  
Taipei City, Taiwan (R.O.C.)  
(Courtyard by Marriott Taipei Downtown  
Azalea Hall & Lily Hall)

**MEETING TYPE** : Hybrid Shareholders' Meeting

**VIRTUAL MEETING PLATFORM :**

Adopt the Virtual Meeting Platform of Taiwan Depository & Clearing  
Corporation (TDCC)      【<https://stockservices.tdcc.com.tw>】



# Table of Contents

	<u>Pages</u>
<b>I. Meeting Agenda</b> . . . . .	1
<b>II. Company Reports</b>	
1. 2023 Business Report . . . . .	3
2. Audit Committee's Review Report on the 2023 Financial Statements and Communications between the Independent Directors and Chief Internal Auditor . . . . .	13
3. The Director and Employee Remuneration Distribution in 2023 Report	17
4. The Company's Bank Debentures Issued in 2023 Report . . . . .	19
5. Amendment to the Operational Procedures for The Codes of Ethical Conduct . . . . .	21
6. Amendment to the Operational Procedures for Standard for Sustainable Development Promotion . . . . .	33
<b>III. Proposals</b>	
1. Adoption of the 2023 Business Report and Financial Statements .	57
2. Adoption of the Proposal for Distribution of 2023 Profits . . . . .	81
<b>IV. Discussion</b>	
1. Amendment to the Company's Articles of Incorporation . . . . .	85
2. Amendment to the Operational Procedures for Procedures Governing the Acquisition and Disposal of Assets . . . . .	91
<b>V. Election Matters</b>	
The 22th Election of Directors . . . . .	99
<b>VI. Questions and Motions</b>	
<b>VII. Appendices</b>	
1. Articles of Incorporation . . . . .	105
2. Rules of Procedure for Shareholder Meetings . . . . .	119
3. Procedures Governing the Acquisition and Disposal of Assets .	129
4. The Rules for Election of Directors . . . . .	155
5. Current Shareholding of Directors . . . . .	159
6. Other disclosures . . . . .	161

## **Notice to Readers**

*For the convenience of readers, the handbook has 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.*





上海商業儲蓄銀行股份有限公司  
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## **Year 2024 Agenda of Annual General Meeting of Shareholders**

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

**Place** : 2F., No. 6, Sec. 3, Minsheng E. Rd., Zhongshan Dist.,  
Taipei City, Taiwan (R.O.C.)  
(Courtyard by Marriott Taipei Downtown Azalea Hall & Lily Hall)

**Meeting type** : Hybrid Shareholders' Meeting

**Virtual Meeting Platform :**

Adopt the Virtual Meeting Platform of Taiwan Depository & Clearing Corporation (TDCC) **【<https://stockservices.tdcc.com.tw>】**

1. Report of the number of shares represented by shareholders present at the meeting
2. Call the Meeting to Order
3. Chairperson Remarks
4. Reports on Company Affairs
  - (1). 2023 Business Report
  - (2). Audit Committee's Review Report on the 2023 Financial Statements and Communications between the Independent Directors and Chief Internal Auditor
  - (3). The Director and Employee Remuneration Distribution in 2023 Report
  - (4). The Company's Bank Debentures Issued in 2023 Report

(5). Amendment to the Operational Procedures for The Codes of Ethical Conduct

(6). Amendment to the Operational Procedures for Standard for Sustainable Development Promotion

## 5. Proposals

(1). Adoption of the 2023 Business Report and Financial Statements

(2). Adoption of the Proposal for Distribution of 2023 Profits

## 6. Discussion

(1). Amendment to the Company's Articles of Incorporation

(2). Amendment to the Operational Procedures for Procedures Governing the Acquisition and Disposal of Assets

## 7. Elections

The 22th Election of Directors

## 8. Questions and Motions

## 9. Adjournment

# **Reports on Company Affairs**





## **Report No. 1**

Proposed by the Board of Directors

### **Agenda :**

2023 Business Report

### **Explanation :**

The 2023 Business Report is attached as pp. 4 – 12.

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## 2023 Business Report

### I. Foreword

In 2023, the high interest rates in the Western Countries continued to hinder global consumption, investment, and the financial market, additionally, geopolitical risks kept increasing influence, which all constrained the global growth momentum. SCSB stably expanded the business with consideration to these economic and financial situations: after-tax EPS was NT\$3.02, superior to the industry average; by the end of the year, NPL ratio was 0.17%, liquid reserves ratio was 30.52%, and capital adequacy ratio was 15.27%, demonstrating a steady business and financial performance.

The results of SCSB's operating performance in 2023, business plans and future development strategies for 2024, the impacts and countermeasures of external competitive environment, regulatory environment and macroeconomic environment, and the latest affirmed credit ratings are illustrated as follows:

### II. Operating Performance in 2023

#### 1. Overview of Global & Domestic Financial Environment

In 2023, the interest rate remained high for the most part, with waning demand for end products on a global scale. Industry chains continued to adjust their inventory while the worldwide economic recovery failed to speed up. This hindered Taiwan's imports and exports, falling behind last year's 2.59% annual economic growth rate at only 1.40%. In terms of financial outlook, the Fed continued to adopt a tight monetary policy to fight inflation, albeit to a lesser extent compared to 2022. Four interest rate hikes last year amounted to 1% by 0.25% for each time. Considering the stable consumer price, the Central Bank of the Republic of China (Taiwan) raised interest

rates by only 0.125% for the whole year. The USD to NTD exchange rate exhibited a faltering trend, closing at 30.735 year-end, slightly down for the whole year at 0.1%. The TAIEX enjoyed great support from positive factors such as the stock market's optimistic outlook for the future and development of the AI industry. TAIEX closed at 17,931 year-end, an annual increase of 26.8%.

## 2. Organizational Changes

SCSB strives to attract outstanding talents, as to strengthen competitiveness in terms of FinTech and IT. In 2023, the Digital Banking organization was elevated to a business unit, and Southern Region IT Development Center was established in Tainan. SCSB expanded business scale to widen the scope of services, actively preparing to open branches in Tainan Science Park and Miaoli. These two branches are projected to open in January and March 2024, respectively. For strengthening the treasury marketing business and increasing non-interest income, the Treasury Department's organizational structure was adjusted to attract specialists in financial transactions and optimize the front-end, middle-end, and back-end transaction systems, thereby boosting innovation and R&D of financial products. The investor relations organization, originally under the Administration Management Department, was enhanced to being under the Head Office, in order to better maintain and manage investor relations.

## 3. Business Plans, Strategies and Performance

The 2023 business plan focused on developing diversified core businesses, including corporate banking, personal banking, wealth management, treasury marketing, deposits and remittances. SCSB also strengthened digital banking, promoted sustainable development, continued to innovate financial products and services, cultivated the High Net-worth wealth management business, and recruited workforce from various fields, thereby improving corporate image.

The results of 2023 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\$1,251.3 billion, up 12.5%, and average loan balance was NT\$868.2 billion, up 8.5%; profit before income tax was NT\$16.48 billion, slight down 0.8%, net income was NT\$14.66 billion, slight down 1.9%; EPS was NT\$3.02, down 9.3%, due to cash capital increase in the end of 2022; after-tax return on assets and after-tax return on equity were 0.95% and 8.30% respectively.

#### 4. Budget Implementation

As for main businesses and profit before income tax, the budget achieving ratio for average deposit balance was 108.3% and average loan balance was 103.4%. The achieving ratio of profit before income tax was only 84.9%, due to the reduction in income from investments adopted by the equity method.

#### 5. Income, Expense and Profit

Unit: NT\$ Billion, except as indicated

Item	Year	2023	2022	Change(%)
Net interest income		19.78	16.29	21%
Total non-interest income		8.63	11.81	-27%
Net revenue		28.41	28.10	1%
Provisions for bad-debt expense, commitment and guarantee liability		2.7	2.8	-4%
Total operating expenses		9.23	8.68	6%
Profit before income tax		16.48	16.62	-1%
Net income		14.66	14.94	-2%
Earnings Per Share (in dollars)		3.02	3.33	-9%
ROA (after income tax)(%)		0.95	1.04	-0.09
ROE (after income tax)(%)		8.30	9.12	-0.82

**Note :** Change of ROA (after income tax) and Change of ROE (after income tax) both based on net increase or net decrease.

## 6. Research and Development

In 2023, SCSB continued to develop innovative products and services with a customer-centered approach based on customers' needs. SCSB also strengthened the application of FinTech and implemented projects for the establishment of new core systems, upgrading digital finance services. In terms of corporate banking, SCSB continued to follow with government policies by enhancing the integration of six core strategic industries, three Major Programs for Investing in Taiwan, green energy, and other ESG-related industries. SCSB also leveraged the guarantee mechanism by Small & Medium Enterprise Credit Guarantee Fund of Taiwan to actively support small- and medium-sized enterprises. As for personal banking, SCSB proactively promoted personal digital marketing and established the Comprehensive Service Platform for Complex Loans. It will optimize and integrate the procedures for online loan application, as well as lower operating costs and enhance customer's digital experience. In terms of customer finance, SCSB continued to develop more diversified investment and products. The newly-established High Net-worth VIP services cater to customers around the globe, strengthening customer relations. SCSB also again obtained approval for High Net-worth wealth management business and stepped up promotion of insurance digitalization and comprehensive trust services, such as care trusts and family inheritance trusts.

In terms of deposits and remittances, the "Loving Our Planet" time deposit scheme was launched, which popularizes retail deposits in combination with SCSB-sponsored ecological and charity campaigns. As for treasury, SCSB continued to optimize the transaction system and issued foreign currency structured bonds and sustainability bonds. SCSB also underwrote USD-denominated international bonds and refined financial products and services. In terms of digital banking, SCSB stepped up optimization of personal and corporate online banking transactions and services, launching the eWB mobile app. SCSB also furthered promotion of mobile payment platforms TWQR and Taiwan Pay, established a digital finance ecosystem, and

raised the transaction proportion of digital finance.

SCSB adapts to international development trends and strives to realize sustainable development, attaining substantial achievements. SCSB obtained the ISO 14067 credit card and debit card carbon footprint certification, as well as ISO 46001: 2019 Water efficiency management systems. SCSB were also listed as an outstanding enterprise in the top 10% for the financial industry in the S&P Global Sustainable ratings. For the first time, SCSB was chosen as constituent for the Dow Jones Sustainability World Index and Emerging Markets Index. Likewise, SCSB's Sustainability Report received the Platinum Award, the highest accolade, at the Taiwan Corporate Sustainability Awards for the second consecutive year, bearing witness to the domestic and global recognition of SCSB's ESG achievements. Additionally, SCSB enthusiastically complied with the government's policies of 2050 Net-Zero Emissions and Green Finance Action Plan 3.0. SCSB also became a signatory to the Science Based Targets initiative (SBTi) and planned to invest in and finance carbon reduction goals and action strategies to demonstrate the determination in achieving net zero.

### **III. Business Plans for 2024**

#### **1. Business Guidelines**

SCSB's 2024 strategies will follow the theme of "Smart Sustainability, Innovative Diversity". SCSB will endeavor to develop AI and accelerate digital transformation, while continuing to promote sustainable development and create sustainable value. SCSB will cultivate a diverse suite of core innovative products and services, increasing non-interest income and capital efficiency, as well as optimizing operations and management.

#### **2. Business Targets**

Taking into account factors including economic growth forecasts, market competition, as well as the growth result in 2023 and

business strategies for 2024, SCSB is setting up appropriate growth for 2024 targets.

### 3. Business Policies

- A. Fundamental Policy: Maintain stable operations with integrity, achieve healthy and balanced growth, actively pursue sustainable development, and create excellent business results and sustainable achievements.
- B. Operating Policy: Develop diverse core businesses with equal emphasis on corporate banking, personal banking, wealth management, treasury, and deposits, and strengthen digital banking business.
- C. Sales Policy: Strengthen ties with core value customers, provide all-around financial products and services, promote integrated marketing of asset inheritance, and attach importance to fair customer treatment and financial consumer protection.
- D. Management Policy: Implement the three lines of defense in internal control, optimize risk management, enhance information security, cultivate a compliance culture, and refine corporate governance.

## IV. Future Development Strategies

SCSB's main development strategies for 2024 are as follows:

- 1. Overall operations: Maintain stable operations with integrity, achieve a balanced and healthy growth, place equal emphasis on operations and management, and perfect financial businesses.
- 2. Channel development: Continue to gain greater presence in the Asia-Pacific region, strengthen the tri - "SHANGHAI BANK" strategic alliance, optimize cross-border finance, and establish comprehensive service networks.
- 3. Business development: Develop multiple cores, strengthen financial operations, expand High Net-worth wealth management services,

and increase non-interest income.

4. Customer relations: Treat customers with fairness, strengthen customer relations, focus on high-value customers, and support integrated marketing.
5. Digital banking: Leverage smart technology, accelerate digital transformation, establish financial scenes, and promote financial inclusion.
6. Information technology: Stabilize system maintenance and operation, upgrade core systems, strengthen information utilization, and create robust information governance.
7. Risk management: Optimize risk management, improve alertness, maintain asset quality, and strengthen capital management.
8. Human resources: Attract a diverse workforce, enhance professional competencies, strengthen management succession, and enrich human capital.
9. Internal management: Implement internal control, fully implement the three lines of defense, strengthen the culture of compliance, and implement money laundering prevention.
10. Sustainable development: Implement responsible finance, promote sustainable finance, fulfill corporate social responsibilities, and create innovative and sustainable values.

## **V. The Impacts and Countermeasures of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment**

### **1. External Competitive Environment**

The world is still under the impact of declining spending and investment due to high interest rates and geopolitical conflicts, which have resulted in a slowdown in economic growth. Taiwan's economic attitude is cautious and conservative, while the external business environment is volatile and the market competition is intense. In response to such competitive external environment, SCSB



will use value competition to avoid price competition, fervently promote digital transformation and upgrade, promote sustainable finance, cultivate customer relationships, and continue to strengthen presence in the Asia-Pacific region in pursuit of a competitive edge.

## 2. Regulatory Environment

The Financial Supervisory Commission (FSC) actively encourages enterprises to realize sustainable development. It published the Sustainable Development Roadmap (2023) to guide companies to pursue net zero, consolidate a sustainable governance culture, enhance disclosure of sustainable information, strengthen stakeholder communication, and promote ESG evaluation. It also published the FinTech Development Roadmap (2.0) to foster a more inclusive, fair, sustainable, and globalized FinTech ecosystem. Another publication was the Core Principles and Policy for AI Use by the Financial Industry, aiming to establish a governance and accountability mechanism, attach importance to fairness, build people-centered values, protect privacy and customer rights, ensure system robustness and security, realize transparency and interpretability, and foster sustainable development. SCSB enthusiastically complies with FSC policies, promotes ESG, realizes sustainable development, and continues to enhance the FinTech environment. Under the premise of safety and legal compliance, SCSB will better AI applications, refine IT governance, and strengthen IT resilience.

## 3. Macroeconomic Environment

International political and economic uncertainties, such as the ongoing US-China international trade and technology disputes, political instability in the Middle East, and the Russia-Ukraine war, will continue to hit the global economy in 2024. The banking industry remains under pressure from too many competitors, excess capital in the market, and deficient interest rate spreads. Confronting such ever-changing external challenges, SCSB will stay updated on fluctuations to the business environment at all times, flexibly adopt

appropriate operational measures, and anticipate future development trends, to stably expand our businesses, seize market opportunities, 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	2023/12/20
Fitch	AA(twn)	F1+(twn)	Stable	2023/3/31
Standard & Poor's	BBB+	A-2	Stable	2023/12/20
Fitch	A-	F2	Stable	2023/3/31

Going ahead, SCSB will maintain stable and robust operations, accelerate digital transformation and AI applications, promote sustainable development, strengthen sustainable finance, and increase growth momentum for businesses. All SCSB employees will steadfastly uphold business motto of "serving society and supporting industry" and adopt "developing AI and smart technology, stimulating digital transformation, fostering sustainable development, creating sustainable value, innovating in products and services, diversifying core development, increasing non-interest income, and enhancing capital efficiency" as development strategy. SCSB 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:** KUO, CHING-YI

**Chief Accountant:** HSU, SHOU-MING

## **Report No. 2**

Proposed by the Audit Committee

### **Agenda :**

Audit Committee's Review Report on the 2023 Financial Statements and Communications between the Independent Directors and Chief Internal Auditor

### **Explanation :**

1. The 2023 Audit Committee's Review Report is attached as pp.14.
2. Communications between the Independent Directors and Chief Internal Auditor is attached as pp.15.

# **THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

## **Audit Committee' s Review Report**

The board of directors has complied and submitted the company's 2023 financial statements audited by Certified Public Accountants Wei-Tai Wu and Puo-Ju Kuo of PricewaterhouseCoopers Taiwan., 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 : 2024 Annual General Meeting of Shareholders

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**Convener of Audit Committee**

CHEN, MU-TSAI

March 29, 2024

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## Communication between the Independent Directors, Chief Internal Auditor

### (1). Audit Committee

Date	Communication matters	Execution results
2023/3/17	1.Audit report of 2022 2.Internal audit quality evaluation report of 2022 3.The amendment of Regulations for the Management of Internal Audit Quality Evaluation Mechanism	Submitted to the Board after approval at the meeting.
2023/8/7	Audit report for the first half of 2023	Acknowledged by all attending members.
2023/11/1	Establish 2024 internal audit plan	Submitted to the Board after approval at the meeting.

### (2). Conference

Date	Communication matters	Execution results
2023/6/26	1.Improvement of desktop computer security control management 2.Improvement in Credit Review of the new system by Corporate Banking Department	1. Completed 2. Completed
2023/10/25	1.Deficiency improvement status in account opening operating system 2.Improvement status of management of Financial Consultant rotation system	1. Completed 2. Completed



## **Report No. 3**

Proposed by the Board of Directors

### **Agenda :**

The Director and Employee Remuneration Distribution in 2023 Report

### **Explanation :**

NT\$ 46 million is for directors' compensation and NT\$ 76 million is for the Company's 2023 employees' compensation. Both are paid in cash.





## Report No. 4

Proposed by the Board of Directors

### Agenda :

The Company's Bank Debentures Issued in 2023 Report

### Explanation :

1. For servicing high-asset clients, enhancing liquidity and supporting the development of Bank's sustainable finance business, the Company issued NT\$ 2 billion and USD26.4 million bank debentures with the approval granted by the Financial Supervisory Commission. The terms and conditions of the bank debentures issued in 2023 are as follows :

Name of Bank Debentures	Issuing Date	Maturity Date	Tenor (years)	Coupon Rate (%)	Amount of Issuance
1st Senior Unsecured USD 6 Month Currency-Linked Financial Debentures in 2023	2023/01/11	2023/07/11	0.5	4.6%~5.1% p.a.	USD 20 million
2nd Senior Unsecured Callable USD 3 year Interest Rate Linked Financial Debentures in 2023	2023/11/01	2026/11/01	3	0%~6.5% p.a.	USD 6.4 million
3rd Senior Unsecured Financial Debentures in 2023 (Sustainability Bond)	2023/12/12	2026/12/12	3	1.6%	NT\$ 2 billion

2. The Company's Bank Debentures Issued in 2023 Report is attached as pp.20.

## The issuance of the Shanghai Commercial & Savings Bank Ltd. debentures in 2023

Name of Bank Debentures		1st Senior Unsecured USD 6 Month Currency-Linked Financial Debentures in 2023	2nd Senior Unsecured Callable USD 3 year Interest Rate Linked Financial Debentures in 2023	3rd Senior Unsecured Financial Debentures in 2023 (Sustainability Bond)
BDR date		2022.8.13; The board approved the issuing plan of senior unsecured financial debentures up to USD 20 million	2023.3.23; The board approved the issuing plan of senior unsecured financial debentures up to USD 80 million	2023.03.23; The board approved the issuing plan of senior and subordinated unsecured financial debentures up to NT\$ 4.5 Billion
Issuing date and maturity date (Tenor)		2023.01.11~2023.07.11 (0.5 years)	2023.11.01~2026.11.01 (3 years)	2023.12.12~2026.12.12 (3 years)
Amount		USD 20 million	USD 6.4 million	NT\$ 2 billion
Coupon		4.6%~5.1% p.a.	0%~6.5% p.a.	1.6% p.a. fixed
Use of proceeds		To serve the Bank's high-asset customers		To enhance liquidity and support the development of Bank's Sustainable finance business
Repayment		Bullet at maturity	Bullet at maturity (Early redemption right after one year)	Bullet at maturity
Guarantor		None		
Approval authority	Entity	Financial Supervisory Commission		
	Date	2022/11/21	2023/8/22	2023/5/16
	Doc. No.	FSC No. 1110229720	FSC No.1120223864	FSC No.1120212289

## **Report No. 5**

Proposed by the Board of Directors

### **Agenda :**

Amendment to the Operational Procedures for The Codes of Ethical Conduct

### **Explanation :**

1. In order to conform to the needs of commercial practice and amendments to related commercial laws, the company are amended the Operational Procedures for The Codes of Ethical Conduct.
2. The company amended “The Codes of Ethical Conduct” and comparison table of amended articles in the 12th meeting of the 21st Board of Directors on March 29, 2024 are enclosed is attached as pp.22-32.

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## The Codes of Ethical Conduct

### Comparison Table of Amended Articles

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>Article 1</p> <p>The codes of ethical conduct established to help directors, managerial officers, and other employees of the company (hereinafter referred to as the Staff <b><u>individually or collectively</u></b>) to act in line with ethical standards.</p> <p>The managerial officers of preceding paragraph include <b><u>the level of grade 12 (inclusive) or above, Secretarial office of Board of Directors, departments of head office, Credit Card Center, Branches and Overseas Representative Offices the top management personnel and other persons authorized to manage affairs and sign documents on behalf of a company, the same below.</u></b></p>	<p>Article 1</p> <p>The codes of ethical conduct established to help directors, managerial officers, and other employees of the company (hereinafter referred to as the Staff) to act in line with ethical standards.</p> <p>The managerial officers of preceding paragraph include <b><u>President, Executive Vice President, Deputy Executive Vice President and their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company.</u></b></p>	<p>Adjust the definition of managerial officers with reference to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" stipulated by the TWSE and the Company's "Organizational Rules".</p>
<p>Article 2</p> <p>All Staff should comply with the following code of conduct :</p>	<p>Article 2</p> <p>All Staff should comply with the following code of conduct :</p>	<p>1. Refer to the "Guidelines for the Adoption of Codes of Ethical</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>1. Prevention of conflicts of interest: All Staff shall prevent Conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the company, and perform their duties in an objective and efficient manner, and couldn't in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, or relatives within the second degree of kinship.</p> <p>The company shall pay special attention to loans, funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise, and shall prevent conflicts of interest, and shall follow the regulations of the company's stakeholder transactions, related personnel should voluntarily explain whether there is any</p>	<p>1. Prevention of conflicts of interest: All Staff shall prevent Conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the company, and perform their duties in an objective and efficient manner, and couldn't in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, <u>children</u>, or relatives within the second degree of kinship.</p> <p>The company shall pay special attention to loans, funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise, and shall prevent conflicts of interest, and shall follow the regulations of the company's stakeholder transactions, related personnel should voluntarily explain whether there is any</p>	<p>Conduct for TWSE/GTSM Listed Companies" stipulated by the TWSE and comply with the provisions of the Company's "Organizational Rules", "Personnel Review Measures" and "The Nominating Committee Charter".</p> <p>2. Paragraph 1 deletes part of the text.</p> <p>3. Delete some text.</p> <p>4. Refer to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" stipulated by the TWSE 2(7) The company should establish a specific reporting</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>potential conflict between them and the company.</p> <p>2. Minimizing incentives to pursue personal gain: When the company has an opportunity for profit, it is the responsibility of the Staff to maximize the reasonable and proper benefits that can be obtained by the company, and shall prevent the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p>(3) Competing with the company.</p> <p>3. Confidentiality: The Staff shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its customers, except when</p>	<p>potential conflict between them and the company.</p> <p>2. Minimizing incentives to pursue personal gain: When the company has an opportunity for profit, it is the responsibility of the Staff to maximize the reasonable and proper benefits that can be obtained by the company, and shall prevent the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p>(3) Competing with the company.</p> <p>3. Confidentiality: The Staff shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its customers, except when</p>	<p>system to allow anonymous reporting and the Bank's "Procedures for Handling Whistleblowing" has been clearly stated in Article 6 and can be adopted. As for the provision of anonymous reporting, the provision of anonymous reporting has been added to the second paragraph of paragraph 7 of Article 3 of this Code.</p> <p>5. Paragraph 8 adjusts the disclosure requirements for persons who violate this Code.</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: The Staff shall treat all customers, competitors, and all the other Staff fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>5. Safeguarding and proper use of company assets: The Staff have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; and do the best to avoid any theft, negligence in care, or</p>	<p>authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: The Staff shall treat all customers, competitors, and all the other Staff fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>5. Safeguarding and proper use of company assets: The Staff have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; and do the best to avoid any theft, negligence in care, or</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>waste of the company assets will all directly impact the company's profitability.</p> <p>6. Legal compliance: The Staff shall comply with the Banking Act, Securities and Exchange Act and other applicable laws, regulations, and this Codes, and shall strengthen the cognition of legal compliance and ethical behavior.</p> <p>7. Encouraging reporting on illegal or unethical activities: The company shall encourage the Staff to report to a company's directors, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.</p> <p>The company had formulated the Procedure For Handling Whistle-blowing. <b><u>According to the previous regulations, reporting cases can be reported anonymously.</u></b></p>	<p>waste of the company assets will all directly impact the company's profitability.</p> <p>6. Legal compliance: The Staff shall comply with the Banking Act, Securities and Exchange Act and other applicable laws, regulations, and this Codes, and shall strengthen the cognition of legal compliance and ethical behavior.</p> <p>7. Encouraging reporting on illegal or unethical activities: The company shall encourage the Staff to report to a company's directors, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.</p> <p>The company had formulated the Procedure For Handling Whistle-blowing, <b><u>and shall encourage employees to report illegal conduct,</u></b> the company shall make</p>	



Content of Article after Amendment	Content of Article before Amendment	Remark
<p><u>However, employees are still encouraged to report specific illegal situations with their real names</u>, the company shall make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p> <p>8. Disciplinary measures: When the Staff violates the Codes, the company shall handle the matter in accordance with the internal disciplinary regulations and related laws. <u>If the violator is a director or a managerial officer, the company</u> shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator <u>after the handling</u>, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</p> <p><u>Before the company makes a decision on punishment,</u> it is advisable that the company provide the violator sufficient opportunity to make a</p>	<p>employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p> <p>8. Disciplinary measures: When the Staff violates the Codes, the company shall handle the matter in accordance with the internal disciplinary regulations and related laws, <u>and</u> shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</p> <p><u>It</u> is advisable that the company provide the violator sufficient opportunity to make a statement and appeal.</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
statement and appeal.		
Article 4 The Codes of Ethical Conduct of the Bank shall be implemented after the board of directors grants the approval, <b><u>and shall be submitted to a shareholders meeting.</u></b> The same procedure shall be followed when the Codes have been amended.	Article 4 The Codes of Ethical Conduct of the Bank shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the Codes have been amended.	Refer to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" stipulated by the TWSE, the board of directors will submit it to the shareholders' meeting after approval.

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## The Codes of Ethical Conduct

Amended on March 29, 2024

### Purpose

- Article 1      The codes of ethical conduct established to help directors, managerial officers, and other employees of the company (hereinafter referred to as the Staff individually or collectively) to act in line with ethical standards.
- The managerial officers of preceding paragraph include the level of grade 12 (inclusive) or above, Secretarial office of Board of Directors, departments of head office, Credit Card Center, Branches and Overseas Representative Offices the top management personnel and other persons authorized to manage affairs and sign documents on behalf of a company, the same below.

### Content of the code

- Article 2      All Staff should comply with the following code of conduct :
1. Prevention of conflicts of interest:

All Staff shall prevent Conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the company, and perform their duties in an objective and efficient manner, and couldn't in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, or relatives within the second degree of kinship.

The company shall pay special attention to loans, funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise, and shall prevent conflicts of interest, and shall follow the regulations of the company's stakeholder transactions, related personnel should voluntarily explain whether there is any potential conflict between them and the company.
  2. Minimizing incentives to pursue personal gain:

When the company has an opportunity for profit, it is the

responsibility of the Staff to maximize the reasonable and proper benefits that can be obtained by the company, and shall prevent the following activities:

- (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
- (2) Obtaining personal gain by using company property or information or taking advantage of their positions.
- (3) Competing with the company.

3. Confidentiality:

The Staff shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

4. Fair trade:

The Staff shall treat all customers, competitors, and all the other Staff fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5. Safeguarding and proper use of company assets:

The Staff have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; and do the best to avoid any theft, negligence in care, or waste of the company assets will all directly impact the company's profitability.

6. Legal compliance:

The Staff shall comply with the Banking Act, Securities and Exchange Act and other applicable laws, regulations, and this Codes, and shall strengthen the cognition of legal compliance and ethical behavior.

7. Encouraging reporting on illegal or unethical activities:

The company shall encourage the Staff to report to a company's directors, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.

The company had formulated the Procedure For Handling Whistle-blowing. According to the previous regulations,

reporting cases can be reported anonymously. However, employees are still encouraged to report specific illegal situations with their real names, the company shall make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

8. Disciplinary measures:

When the Staff violates the Codes, the company shall handle the matter in accordance with the internal disciplinary regulations and related laws. If the violator is a director or a managerial officer, the company shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator after the handling, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.

Before the company makes a decision on punishment, it is advisable that the company provide the violator sufficient opportunity to make a statement and appeal.

## **Procedures for exemption**

Article 3      If there is necessary to exempt directors and managerial officers from compliance with the code be adopted by a resolution of the board of directors, and the other Staff is approved by the President.

The resolution of the board of directors of preceding paragraph, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and codes behind the application of the exemption shall be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 3-1    The Staff discover that the banking business is in danger of sustaining material loss or damage, should promptly take appropriate actions and immediately notify the audit committee or independent director members of the audit committee, and report to the board of directors, and report to the competent authority.

## **Enforcement**

Article 4        The Codes of Ethical Conduct of the Bank shall be implemented after the board of directors grants the approval, and shall be submitted to a shareholders meeting. The same procedure shall be followed when the Codes have been amended.

## **Report No. 6**

Proposed by the Board of Directors

### **Agenda :**

Amendment to the Operational Procedures for Standard for Sustainable Development Promotion

### **Explanation :**

1. In accordance with releasing The Taskforce on Nature-related Financial Disclosures(TNFD) 、sustainable financial bonds in compliance with the Green Finance Action Plan 3.0 by the FSC and the company adhering Science Based Targets initiative(SBTi), the company are amended the “Standard for Sustainable Development Promotion”.
2. The company amended “Standard for Sustainable Development Promotion” and comparison table of amended articles in the 12th meeting of the 21st Board of Directors on March 29, 2024 are enclosed is attached as pp.34-55.

## THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

# Standard for Sustainable Development Promotion

### Comparison Table of Amended Articles

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>Article 4</p> <p>SCSB's sustainable development policy is as below:</p> <p>1. (Aspects of sustainable development)</p> <p>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.</p> <p>2. (Responsible finance)</p> <p>SCSB adopts international standards and responses</p>	<p>Article 4</p> <p>SCSB's sustainable development policy is as below:</p> <p>1. (Aspects of sustainable development)</p> <p>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.</p> <p>2.(Responsible finance)</p> <p>SCSB adopts international standards and responses</p>	<p>1. In accordance with releasing "The Taskforce on Nature-related Financial Disclosures (TNFD)", add biodiversity content and amend the text of paragraph 3.</p> <p>2. Added service content for financially disadvantaged groups and revised the text of paragraph 5.</p>



Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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.</p> <p>3. (Sustainable environment) SCSB complies with United Nations and government environmental protection policies, is concerned about climate change <b><u>and the natural environment, and</u></b> establishes <b><u>relevant</u></b> climate change risks assessments and management system <b><u>in order to</u></b> strengthens climate change resilience.</p>	<p>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.</p> <p>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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p><u>Based on constant evaluations, many activities, such as, animal protection, habitat protection, reforestation plans, cleaning of mountains and beaches, environmental education and so on are developed and committed to. Furthermore, the SCSB</u></p> <p>supports green procurement, implements energy conservation and carbon reduction, and raises energy efficiency usage to stimulate sustainable environment, building a pleasant and inclusive environment.</p> <p>4. (Social welfare)</p> <p>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</p>	<p>energy conservation and carbon reduction, and raises energy efficiency usage to stimulate sustainable environment, building a pleasant and inclusive environment.</p> <p>4.(Social welfare)</p> <p>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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>disadvantaged and participating in community development. It is in the hope to build up a harmonious, safe, pleasant and inclusive society.</p> <p>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, customer-oriented services, <b><u>and supporting financially disadvantaged groups in ensuring that the customers enjoy financial services that are fair and convenient.</u></b> It also drives innovations <b><u>and</u></b> promotes digital transition <b><u>in finance products</u></b> and services with professionalism, efficiency, and security. Its goal <b><u>is</u></b> to promote financial inclusion, and create partnerships</p>	<p>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.</p> <p>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, <b><u>maintaining customers' rights, and</u></b> customer-oriented services.</p> <p>It also drives innovations, promotes digital transition, <b><u>and finance products</u></b> and services with professionalism, efficiency, and security. It <b><u>is a</u></b> goal to promote financial inclusion, and create partnerships</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>working towards a better future together.</p> <p>6. (Employee care)</p> <p>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.</p> <p>7. (Corporate governance)</p> <p>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</p>	<p>working towards a better <u>and win-win</u> future together.</p> <p>6. (Employee care)</p> <p>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.</p> <p>7. (Corporate governance)</p> <p>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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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.</p> <p>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.</p> <p>9. (Reporting and disclosure) SCSB adopts the Global Reporting Initiatives (GRI) standards and guidelines by related regulations of competent authorities to prepare the</p>	<p>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.</p> <p>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.</p> <p>9. (Reporting and disclosure) SCSB adopts the Global Reporting Initiatives (GRI) standards and guidelines by related regulations of competent</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
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.	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.	
<p>Article 7</p> <p>SCSB includes sustainable development in its operations activities and development direction. Concrete promoting plans are as below:</p> <p>1. SCSB <b><u>has launched</u></b> its 2050 net zero carbon emissions <b><u>program</u></b> in <b><u>cooperation</u></b> with the government's sustainable development policies and action plans. <b><u>The specific contents are as follows:</u></b></p> <p><b><u>(1) Practice energy-saving and carbon reduction, increase the proportion of green electricity.</u></b></p> <p><b><u>(2) Increase the efficient use of water resources and reduce</u></b></p>	<p>Article 7</p> <p>SCSB includes sustainable development in its operations activities and development direction. Concrete promoting plans are as below:</p> <p>1. SCSB <b><u>is committing to energy savings and carbon reduction by increasing its green energy proportion towards reaching the</u></b> 2050 net zero carbon emissions <b><u>goal</u></b> in <b><u>cooperating</u></b> with the government's sustainable development policies and action plans.</p>	<p>1. Added specific promotion plan content details.</p> <p>2. Added new greenhouse gas inventory scope and corrected the text.</p> <p>3. According to the new version of the "Green Finance Action Plan" issued by the FSC, the original provisions were revised. And add relevant instructions on the permanent negotiation method.</p> <p>4. In line with the</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p><u>the total water consumption.</u></p> <p><b>(3) Compile statistics for the total weight of wastes and reduce the generation of wastes.</b></p> <p>2. SCSB will execute greenhouse gases <b>(GHG)</b> emissions inventory and disclosure according to The Roadmap for Sustainable Development of Listed Companies by the Financial Supervisory Committee (FSC). <b><u>Its scope shall include direct and indirect GHG emissions, and other indirect emissions.</u></b></p> <p>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</p>	<p>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).</p> <p>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</p>	<p>Bank's commitment to the Science-Based Target Initiative (SBTi) and the Carbon Accounting Alliance for Finance (PCAF), new provisions have been added.</p> <p>5. Added financial friendly service instructions.</p> <p>6. Added instructions for contact channels for stakeholders.</p> <p>7. In line with the new version of the Green Finance Action Plan and the Sustainable Finance Assessment, sustainable talent training has been emphasized and provisions have been adjusted.</p> <p>8. The original</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>and Financial Disclosure Guide for Domestic Banks by the FSC.</p> <p>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 <u>3.0</u> by the FSC, <u>Through communication and engagement with stakeholders, such as, investing and financing counterparties and suppliers, SCSB encourages these counterparties to practice sustainable development by taking specific actions, exerting the influence of</u> sustainable finance.</p> <p>5. <u>In line with</u> international trends <u>towards sustainable development, SCSB is committed to adopting</u></p>	<p>and Financial Disclosure Guide for Domestic Banks by the FSC.</p> <p>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 <u>2.0</u> by the FSC, to <u>contribute to</u> sustainable finance <u>influences</u>.</p> <p>5. <u>SCSB responds to</u> international <u>initiatives by integrating</u> Equator Principles, Principles for Responsible Banking and</p>	<p>provisions have been revised in accordance with the new version of the "Corporate Governance 3.0" issued by the FSC.</p> <p>9. Paragraph 12 Amended Text.</p> <p>10. Added supplier corporate social responsibility description.</p>



Content of Article after Amendment	Content of Article before Amendment	Remark
<p><u>and adhering to the Equator Principles, Science Based Targets initiative (SBTi),</u></p> <p>Principles for Responsible Banking and Principles for Responsible Investing.</p> <p>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</p>	<p>Principles for Responsible Investing, <u>aligning with international sustainable development.</u></p> <p>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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>activity to protect the ecological environment.</p> <p>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.</p> <p>8. <u>Adhering to the Banking Industry Friendly Financial Services Guidelines of the FSC, the Bank's operating locations provide friendly service measures and services, and a "Friendly Financial Service Section" has been established on the company website which announces the current implementation state of</u></p>	<p>activity to protect the ecological environment.</p> <p>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.</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p><u>the Bank's friendly financial service measures.</u></p> <p><u>9. SCSB values stakeholder rights and interests and has set up a stakeholder communication channel on the company website. Important sustainable development topics of concerns will be addressed properly and appropriately.</u></p> <p><u>10. SCSB has strengthened talent nurturing and developed the sustainable finance education and training plan which are implemented accordingly. The outcomes are evaluated. SCSB implements the</u>  employee stock ownership trust, and actively cares for employee benefits to provide a safe and friendly work environment.</p> <p><u>11. SCSB complies with Corporate Governance</u></p>	<p><u>8. SCSB guarantees basic human rights for its employees, strengthens</u>  talent nurturing, implements employee stock ownership trust, and actively cares for employee benefits to provide a safe and friendly work environment.</p> <p><u>9. SCSB complies with Corporate Governance</u></p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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.</p> <p><b>12.SCSB</b> makes establishments <b><u>complying</u></b> 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.</p> <p><b>13.SCSB is committed to realizing corporate social responsibilities with its suppliers. Before initiating any business dealings, the Bank will evaluate the supplier on</b></p>	<p>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.</p> <p><b>10.SCSB</b> 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.</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<u>whether it has any negative history of harming the environment or society.</u> <u>The Bank avoids doing business with those who are in conflict with maintaining the balance of the ecological environment and sustainable development.</u>		

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## Standard for Sustainable Development Promotion

Amended on 2024.03.29

### 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 and the natural environment, and establishes relevant climate change risks assessments and management system in order to strengthens climate change resilience. Based on constant evaluations, many activities, such as, animal protection, habitat protection, reforestation plans, cleaning of mountains and beaches, environmental education and so on are developed and committed to. Furthermore, the SCSB 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, customer-oriented services, and supporting financially disadvantaged groups in ensuring that the customers enjoy financial services that are fair and convenient. It also drives innovations and promotes digital transition in finance products and services with professionalism, efficiency, and security. Its goal is to promote financial inclusion, and create partnerships working towards a better 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 has launched its 2050 net zero carbon emissions program in cooperation with the government's sustainable development policies and action plans. The specific contents are as follows:
  - (1) Practice energy-saving and carbon reduction, increase the proportion of green electricity.
  - (2) Increase the efficient use of water resources and reduce the total water consumption.
  - (3) Compile statistics for the total weight of wastes and reduce the generation of wastes.
2. SCSB will execute greenhouse gases (GHG) emissions inventory and disclosure according to The Roadmap for Sustainable Development of Listed Companies by the Financial Supervisory Committee (FSC). Its scope shall include direct and indirect GHG emissions, and other indirect emissions.
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 3.0 by the FSC. Through communication and engagement with stakeholders, such as, investing and financing counterparties and suppliers, SCSB encourages these counterparties to practice sustainable development by taking specific actions, exerting the influence of sustainable finance.
5. In line with international trends towards sustainable development, SCSB is committed to adopting and adhering to the Equator Principles, Science Based Targets initiative (SBTi), Principles for Responsible Banking and Principles for Responsible Investing.
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. Adhering to the Banking Industry Friendly Financial Services Guidelines of the FSC, the Bank's operating

locations provide friendly service measures and services, and a “Friendly Financial Service Section” has been established on the company website which announces the current implementation state of the Bank’s friendly financial service measures.

9. SCSB values stakeholder rights and interests and has set up a stakeholder communication channel on the company website. Important sustainable development topics of concerns will be addressed properly and appropriately.
10. SCSB has strengthened talent nurturing and developed the sustainable finance education and training plan which are implemented accordingly. The outcomes are evaluated. SCSB implements the employee stock ownership trust, and actively cares for employee benefits to provide a safe and friendly work environment.
11. 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.
12. 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.
13. SCSB is committed to realizing corporate social responsibilities with its suppliers. Before initiating any business dealings, the Bank will evaluate the supplier on whether it has any negative history of harming the environment or society. The Bank avoids doing business with those who are in conflict with maintaining the balance of the ecological environment and sustainable development.

## **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.



# Proposals





**(1). Adoption of the 2023  
Business Report and  
Financial Statements**



## **Acceptance No. 1**

Proposed by the Board of Directors

### **Proposal :**

Adoption of the 2023 Business Report and Financial Statements

### **Explanation :**

1. The 2023 Financial Reports of the Company were audited by Wei-Tai Wu, CPA, and Pao-Ju Kuo, CPA, both of PricewaterhouseCoopers Taiwan. These Financial and Business Reports have been approved by the Board and examined by the Audit Committee.
2. The 2023 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, pp. 4-12 and pp.58-79.

### **Resolution :**

# **INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of The Shanghai Commercial & Savings Bank, Ltd.

## ***Opinion***

We have audited the accompanying balance sheet of The Shanghai Commercial & Savings Bank, Ltd. (the “Bank”) as at December 31, 2023, and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2023, and 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 at December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2023, 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 audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of 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, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Bank's financial statements of the current period is stated as follows:

#### ***Allowance for credit losses of discounts and loans***

##### **Description**

The core business of the Bank is granting loans, which is significant to the accompanying financial statements for the current period. The impairment assessment of discounts and loans is conducted in accordance with International Financial Reporting Standards 9 ("IFRS 9") 'Financial instruments' and relevant regulations of allowance for credit losses promulgated by competent authorities. Management evaluates the impairment of discounts and loans using the expected credit loss model, with assumptions made based on past events, current market conditions and forward-looking information, to assess whether there is significant increase of credit risk since initial recognition to measure allowance of credit losses. In addition, credit losses for credit-impaired loans are evaluated based on recoverable amounts. Please refer to Notes 4, 5, 14 and 39 of the financial statements for relevant information on impairment of discounts and loans. The evaluation of allowance for credit losses of discounts and loans involves significant judgments such as accounting estimates and management's assumptions, and shall comply with relevant regulations and interpretations. The measurement results would impact the amount recognized directly. Thus, we have determined the allowance of credit losses of discounts and loans as the key audit matter.

### How our audit addressed the matter

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

1. Obtained an understanding and performed sample tests of internal controls as well as operation procedures related to management's evaluation of credit losses;
2. Sampled and tested whether parameter assumptions adopted in the expected credit loss model including probability of default, loss given default and exposure at default are in accordance with existing policies;
3. Sampled and tested credit-impaired cases with material amounts which were assessed individually;
4. Assessed whether the allowance for credit losses of discounts and loans is in compliance with relevant regulations of the competent authorities.

### ***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, and for such internal control as management determines is necessary to enable 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 Standards on Auditing of 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 Standards on Auditing of Taiwan, we exercise professional judgment and 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 the 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



***Other matter – Prior period financial statements audited by other auditors***

The parent company only financial statements of the Bank for the year ended December 31, 2022 were audited by other auditors who expressed an unqualified opinion on those statements on March 8, 2023.

Puo-Ju Kuo

Wei-Tai Wu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

*As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2023		December 31, 2022 (Adjusted)	
		Amount	%	Amount	%
11000	Cash and cash equivalents	\$ 28,209,353	2	\$ 33,541,590	2
11500	Due from the Central Bank and call loans to banks	83,730,081	5	119,437,332	8
12000	Financial assets measured at fair value through profit or loss	1,458,935	-	1,986,652	-
12100	Financial assets measured at fair value through other comprehensive income	230,163,280	14	199,170,985	13
12200	Investments in debt instruments measured at amortized cost	237,245,205	15	192,358,751	13
12500	Securities purchased under resell agreements	5,421,476	-	-	-
13000	Receivables, net	10,668,014	1	8,790,407	1
13200	Current income tax assets	-	-	143	-
13500	Discounts and loans, net	866,277,449	55	840,002,195	56
15000	Investments under the equity method, net	89,537,380	6	83,599,886	5
15500	Other financial assets, net	3,497	-	-	-
18500	Properties, net	14,317,913	1	12,994,755	1
18600	Right-of-use assets, net	731,466	-	764,585	-
19000	Intangible assets, net	417,440	-	315,822	-
19300	Deferred income tax assets	2,201,575	-	2,022,262	-
19500	Other assets, net	13,520,631	1	8,520,247	1
10000	Total assets	<u>\$ 1,583,903,695</u>	<u>100</u>	<u>\$ 1,503,505,612</u>	<u>100</u>
<b>Codes</b>	<b>LIABILITIES AND EQUITY</b>				
21000	Deposits from the central bank and other banks	\$ 14,226,206	1	\$ 12,109,095	1
22000	Financial liabilities measured at fair value through profit or loss	4,095,240	-	3,435,146	-
22500	Securities sold under repurchase agreements	591,289	-	781,568	-
23000	Payables	27,415,253	2	25,714,122	2
23200	Current income tax liabilities	669,929	-	1,245,964	-
23500	Deposits and remittances	1,274,561,694	80	1,218,395,510	81
24000	Bank debentures	58,070,000	4	56,070,000	4
25500	Other financial liabilities	6,559,273	-	2,499,732	-
25600	Provisions	2,175,537	-	1,617,087	-
26000	Lease liabilities	743,625	-	772,365	-
29300	Deferred income tax liabilities	10,527,881	1	10,155,644	1
29500	Other liabilities	950,724	-	928,471	-
20000	Total liabilities	<u>1,400,586,651</u>	<u>88</u>	<u>1,333,724,704</u>	<u>89</u>
	Equity				
	Share capital				
31101	Ordinary shares	48,616,031	3	48,616,031	3
31500	Capital surplus	27,548,445	2	27,405,763	2
	Retained earnings				
32001	Legal reserve	64,476,033	4	64,476,033	4
32003	Special reserve	13,252,879	1	7,669,374	1
32005	Unappropriated earnings	28,987,035	2	28,537,216	2
32000	Total retained earnings	106,715,947	7	100,682,623	7
32500	Other equity	519,765	-	(6,840,365)	(1)
32600	Treasury shares	(83,144)	-	(83,144)	-
30000	Total equity	183,317,044	12	169,780,908	11
	Total liabilities and equity	<u>\$ 1,583,903,695</u>	<u>100</u>	<u>\$ 1,503,505,612</u>	<u>100</u>

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Statements of Comprehensive Income**  
**For the Year ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Year Ended December 31				
	2023		2022		Change
	Amount	%	Amount	%	%
41000 Interest income	\$ 38,399,936	135	\$ 24,028,423	86	60
51000 Interest expenses	(18,624,590 )	(65 )	(7,742,933 )	(28 )	141
49010 Net interest income	19,775,346	70	16,285,490	58	21
Non-interest income					
49100 Service fee income, net	3,003,380	10	3,059,695	11	(2 )
49200 Gain on financial assets and liabilities measured at fair value through profit or loss	(1,146,870 )	(4 )	(1,871,819 )	(7 )	(39 )
49310 Realized gain on financial assets measured at fair value through other comprehensive income	1,649,117	6	1,625,146	6	1
49450 Gain on financial assets measured at amortized cost	19,905	-	-	-	-
49600 Foreign exchange gain, net	1,372,358	5	2,759,558	10	(50 )
49700 Impairment gain (loss) on assets	39,453	-	(85,945 )	-	(146 )
49750 Proportionate share of profit of associates under the equity method	3,954,943	14	6,046,724	21	(35 )
49800 Other non-interest income, net	(257,491 )	(1 )	282,913	1	(191 )
49020 Total non-interest income	8,634,795	30	11,816,272	42	(27 )
4xxxx Net revenue	28,410,141	100	28,101,762	100	1
58200 Provisions for bad-debt expense, commitment and guarantee liability	(2,700,000 )	(10 )	(2,800,037 )	(10 )	(4 )
Operating expenses					
58500 Employee benefits	(5,281,133 )	(18 )	(5,332,083 )	(19 )	(1 )
59000 Depreciation and amortization	(799,624 )	(3 )	(679,051 )	(2 )	18
59500 Other general and administrative	(3,144,526 )	(11 )	(2,669,450 )	(10 )	18
58400 Total operating expenses	(9,225,283 )	(32 )	(8,680,584 )	(31 )	6
61001 Profit before income tax	16,484,858	58	16,621,141	59	(1 )
61003 Income tax expense	(1,824,863 )	(6 )	(1,683,271 )	(6 )	8
64000 Net income	\$ 14,659,995	52	\$ 14,937,870	53	(2 )
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
65201 Remeasurement of defined benefit plans	(118,857 )	(1 )	98,703	-	(220 )
65204 Gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	2,756,301	10	(3,166,163 )	(11 )	(187 )
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk	32,147	-	(60,356 )	-	(153 )
65207 Proportionate share of other comprehensive income of associates under the equity method	731,995	3	(1,619,592 )	(6 )	(145 )
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss	64,559	-	(19,167 )	-	(437 )
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	3,466,145	12	(4,766,575 )	(17 )	(173 )
Items that may be reclassified subsequently to profit or loss:					
65301 Exchange differences on translating foreign operations	(70,185 )	-	8,748,570	31	(101 )
65307 Share of the other comprehensive income of associates accounted for using the equity method	1,950,177	7	(5,188,650 )	(18 )	(138 )
65309 Gain (loss) on debt instruments measured at fair value through other comprehensive income	2,469,935	8	(7,840,494 )	(28 )	(132 )
65310 Loss allowance for debt instruments measured at fair value through other comprehensive income	(43,086 )	-	81,910	-	(153 )
65320 Income tax relating to items that may be reclassified subsequently to profit or loss	(288,641 )	(1 )	(466,272 )	(1 )	(38 )
65300 Subtotal of items that may be reclassified subsequently to profit or loss	4,018,200	14	(4,664,936 )	(16 )	(186 )
65000 Other comprehensive income for the period, net of income tax	7,484,345	26	(9,431,511 )	(33 )	(179 )
66000 Total comprehensive income for the period	\$ 22,144,340	78	\$ 5,506,359	20	302
Earnings per share					
67500 Basic	\$ 3.02		\$ 3.33		
67700 Diluted	\$ 3.02		\$ 3.33		

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**Statements of Changes in Equity**  
**For the Year ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

		<u>Share Capital</u>		<u>Retained Earnings (Note 30)</u>			<u>Other Equity</u>			<u>Treasury Shares</u>	<u>Total Equity</u>
<u>Codes</u>		<u>Ordinary Shares</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translating Foreign Operations</u>	<u>Change in Financial Assets at FVTOCI</u>	<u>Change in Credit Risk From Financial Liabilities Designated at FVTPL</u>		
A1	Balance on January 1, 2022	\$ 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
D1	Net profit for the year ended December 31, 2022	-	-	-	-	14,937,870	-	-	-	-	14,937,870
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	79,274	6,737,324	(16,187,753 )	(60,356 )	-	(9,431,511 )
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	15,017,144	6,737,324	(16,187,753 )	(60,356 )	-	5,506,359
Appropriation of 2021 earnings											
B1	Legal reserve	-	-	4,251,394	-	(4,251,394 )	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(8,066,886 )	-	-	-	-	(8,066,886 )
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480
CI7	Dividends not yet collected	-	112,407	-	-	-	-	-	-	-	112,407
E1	Issue of ordinary shares for capital increase by cash	3,800,000	10,260,000	-	-	-	-	-	-	-	14,060,000
N1	Share-based payment transaction	-	357,732	-	-	-	-	-	-	-	357,732
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,747,568 )	-	1,747,568	-	-	-
Z1	Balance on December 31, 2022	<u>\$ 48,616,031</u>	<u>\$ 27,405,763</u>	<u>\$ 64,476,033</u>	<u>\$ 7,669,374</u>	<u>\$ 28,537,216</u>	<u>\$ (126,464 )</u>	<u>\$ (6,677,607 )</u>	<u>\$ (36,294 )</u>	<u>\$ (83,144 )</u>	<u>\$ 169,780,908</u>
A1	Balance on January 1, 2023	\$ 48,616,031	\$ 27,405,763	\$ 64,476,033	\$ 7,669,374	\$ 28,537,216	\$ (126,464 )	(6,677,607 )	(36,294 )	(83,144 )	\$ 169,780,908
D1	Net profit for the year ended December 31, 2023	-	-	-	-	14,659,995	-	-	-	-	14,659,995
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(59,213 )	(295,231 )	7,806,642	32,147	-	7,484,345
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	14,600,782	(295,231 )	7,806,642	32,147	-	22,144,340
Appropriation of 2022 earnings											
B3	Special reserve	-	-	-	5,583,505	(5,583,505 )	-	-	-	-	-
B9		-	-	-	-	-	-	-	-	-	-
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480
CI7	Dividends not yet collected	-	133,202	-	-	-	-	-	-	-	133,202
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	183,428	-	(183,428 )	-	-	-
Z1	Balance on December 31, 2023	<u>\$ 48,616,031</u>	<u>\$ 27,548,445</u>	<u>\$ 64,476,033</u>	<u>\$ 13,252,879</u>	<u>\$ 28,987,035</u>	<u>\$ (421,695 )</u>	<u>\$ 945,607</u>	<u>\$ (4,147 )</u>	<u>\$ (83,144 )</u>	<u>\$ 183,317,044</u>

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**Statements of Cash Flows**

**For the Year ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u> <u>(Adjusted)</u>
Cash flows from operating activities		
A00010 Net profit before income tax	\$ 16,484,858	\$ 16,621,141
A20010 Adjustments to reconcile net profit to net cash provided by operating activities		
A20100 Depreciation expenses	554,005	499,761
A20200 Amortization expenses	245,619	179,290
A20300 Provisions for bad debt expense, commitment and guarantee liability	2,700,000	2,800,037
A20400 (Gain) loss on financial assets and liabilities at fair value through profit or loss	(216,148 )	(202,500 )
A20900 Interest expenses	18,624,590	7,742,933
A21200 Interest revenue	(38,399,936 )	(24,028,423 )
A21300 Dividend income	(1,587,756 )	(1,366,011 )
A21800 Provision for reconciliation compensation reserves	338,031	-
A21900 Share-based payment transaction	-	357,732
A22400 Proportionate share of profit of subsidiaries	(3,954,943 )	(6,046,724 )
A22500 Gain on disposal of properties and equipment, net	9,431	(186,405 )
A23500 Loss on financial asset impairment	(39,453 )	86,486
A23800 Reversal of impairment on non-financial assets	-	(541 )
A29900 Others	(338,001 )	(942,439 )
A40000 Changes in operating assets and liabilities		
A41110 Due from the central bank and call loans to banks	19,111,174	(9,516,147 )
A41120 Financial assets measured at fair value through profit or loss	1,193,478	400,954
A41123 Financial assets measured at fair value through other comprehensive income	(25,781,141 )	21,052,813
A41125 Investment in debt instruments measured at amortized cost	(44,888,433 )	(42,461,458 )
A41150 Receivables	(487,498 )	301,653
A41160 Discounts and loans	(28,904,995 )	(83,964,062 )
A41190 Other financial assets	(3,450 )	5,037
A41990 Other assets	(5,059,465 )	(1,183,147 )
A42110 Deposits from the central bank and other banks	2,117,111	(3,995,649 )
A42120 Financial liabilities at fair value through profit or loss	242,629	420,671
A42140 Securities sold under repurchase agreements	(190,279 )	(13,723,456 )
A42150 Payables	469,649	946,030
A42160 Deposits and remittances	56,166,184	167,955,948
A42170 Other financial liabilities	4,059,541	(323,507 )
A42180 Employee benefit provisions	31,499	(121,358 )
A42990 Other liabilities	22,250	(239,358 )
A33000 Cash from (used in) operations	(27,481,449 )	31,069,301
A33100 Interest received	36,848,013	22,583,231
A33200 Dividends received	2,257,077	2,064,136
A33300 Interest paid	(17,252,363 )	(6,717,781 )
A33500 Income tax paid	(1,971,417 )	(1,200,691 )
AAAA Net cash from (used in) operating activities	(7,600,139 )	47,798,196

(Continued)

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Statements of Cash Flows**  
**For the Year ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022 (Adjusted)</b>
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (1,559,452 )	\$ (967,318 )
B02800	Proceeds from disposal of properties	6,568	326,800
B04500	Acquisition of intangible assets	(290,899 )	(255,639 )
BBBB	Net cash from (used in) investing activities	(1,843,783 )	(896,157 )
	Cash flows from financing activities		
C00400	Decrease in funds borrowed from central bank and Banks	-	(17,787,080 )
C01400	Proceeds from issuance of bank debentures	2,607,600	4,070,000
C01500	Payments for bank debentures	(625,400 )	(14,950,000 )
C04020	Payments for principal portion of lease liabilities	(331,101 )	(316,074 )
C04500	Cash dividends	(8,750,886 )	(8,066,886 )
C04600	Proceeds from capital increase by cash	-	14,060,000
C05400	Acquisition of subsidiaries	-	(626,400 )
CCCC	Net cash from (used in) financing activities	(7,099,787 )	(23,616,440 )
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	36,871	1,103,351
EEEE	Net (decrease) increase in cash and cash equivalents	(16,506,838 )	24,388,950
E00100	Cash and cash equivalents at the beginning of the period	100,038,929	75,649,979
E00200	Cash and cash equivalents at the end of the period	\$ 83,532,091	\$ 100,038,929

Reconciliation of the cash and cash equivalent amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of December 31, 2023 and 2022:

<u>Codes</u>		<b>December 31, 2023</b>	<b>December 31, 2022</b>
E00210	Cash and cash equivalents in balance sheets	\$ 28,209,353	\$ 33,541,590
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	49,901,262	66,497,339
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	5,421,476	-
E00200	Cash and cash equivalents in statements of cash flows	\$ 83,532,091	\$ 100,038,929

(Concluded)

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of The Shanghai Commercial & Savings Bank, Ltd.

### *Opinion*

We have audited the accompanying consolidated balance sheet of The Shanghai Commercial & Savings Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) as at December 31, 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year ended December 31, 2023, and 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 at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### *Basis for opinion*

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2023 consolidated financial statements is stated as follows:

#### ***Allowance for credit losses of discounts and loans***

##### **Description**

The core business of the Group is granting loans, which is significant to the accompanying consolidated financial statements for the current period. The impairment assessment of discounts and loans is conducted in accordance with International Financial Reporting Standards 9 ("IFRS 9") 'Financial instruments' and relevant regulations of allowances for credit losses promulgated by competent authorities. Management evaluates the impairment of discounts and loans using the expected credit loss model, with assumptions made based on past events, current market conditions and forward-looking information, to assess whether there is significant increase of credit risk since initial recognition to measure allowance of credit losses. In addition, credit losses for credit-impaired loans are evaluated based on recoverable amounts. Please refer to Notes 4, 5, 14 and 41 of the consolidated financial statements for relevant information on impairment of discounts and loans. The evaluation of allowance for credit losses of discounts and loans involves significant judgments such as accounting estimates and management's assumptions, and shall comply with relevant regulations and interpretations. The measurement results would impact the amount recognized directly. Thus, we have determined the allowance of credit losses of discounts and loans as the key audit matter.



### How our audit addressed the matter

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

1. Obtained an understanding and performed sample tests of internal controls as well as operation procedures related to management's evaluation of credit losses;
2. Sampled and tested whether parameter assumptions adopted in the expected credit loss model including probability of default, loss given default and exposure at default are in accordance with existing policies;
3. Sampled and tested credit-impaired cases with material amounts which were assessed individually;
4. Assessed whether the allowance for credit losses of discounts and loans is in compliance with relevant regulations of the competent authorities.

### ***Other matter – Parent company only financial report***

We have audited and expressed an unqualified opinion with other matter on the parent company only financial statements of the Bank as at and for the year ended December 31, 2023.

### ***Other matter – Prior period financial statements audited by other auditors***

The consolidated financial statements of the Group for the year ended December 31, 2022 and the parent company only financial statements of the Bank for the year ended December 31, 2022 were audited by other auditors who expressed 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 the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards, International Accounting

Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 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 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 the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Puo-Ju Kuo

Wei-Tai Wu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

*As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount(adjusted)	%
11000	Cash and cash equivalents	\$ 57,458,262	3	\$ 66,674,349	3
11500	Due from the Central Bank and call loans to banks	385,084,350	16	336,553,517	15
12000	Financial assets measured at fair value through profit or loss	8,459,079	-	7,988,907	-
12100	Financial assets measured at fair value through other comprehensive income	388,589,217	16	400,783,774	17
12200	Investments in debt instruments measured at amortized cost	268,753,450	11	210,984,882	9
12500	Securities purchased under resell agreements	5,421,476	-	-	-
13000	Receivables, net	22,434,874	1	18,992,356	1
13200	Current income tax assets	201,172	-	25,905	-
13500	Discounts and loans, net	1,231,280,546	51	1,234,305,369	53
15000	Investments under the equity method, net	2,123,915	-	1,937,372	-
15500	Other financial assets, net	3,497	-	-	-
18500	Properties, net	22,964,969	1	21,906,365	1
18600	Right-of-use assets, net	1,860,185	-	1,871,270	-
18700	Investment properties, net	7,265,031	-	6,895,605	-
19000	Intangible assets, net	2,127,094	-	1,925,844	-
19300	Deferred income tax assets	4,387,317	-	4,396,598	-
19500	Other assets, net	14,881,306	1	10,112,912	1
10000	Total assets	<u>\$ 2,423,295,740</u>	<u>100</u>	<u>\$ 2,325,355,025</u>	<u>100</u>
<b>Codes</b>	<b>LIABILITIES AND EQUITY</b>				
21000	Deposits from the central bank and other banks	\$ 40,741,321	2	\$ 50,192,934	2
22000	Financial liabilities measured at fair value through profit or loss	7,042,083	-	5,791,587	-
22500	Securities sold under repurchase agreements	591,289	-	781,568	-
23000	Payables	38,174,213	2	33,071,071	1
23200	Current income tax liabilities	2,247,639	-	2,052,522	-
23500	Deposits and remittances	1,986,091,847	82	1,920,666,353	83
24000	Bank debentures	77,883,895	3	65,244,424	3
25500	Other financial liabilities	7,540,036	-	3,339,871	-
25600	Provisions	3,576,833	-	2,926,505	-
26000	Lease liabilities	1,874,005	-	1,925,887	-
29300	Deferred income tax liabilities	10,824,201	1	10,452,067	1
29500	Other liabilities	3,111,982	-	3,267,315	-
20000	Total liabilities	<u>2,179,699,344</u>	<u>90</u>	<u>2,099,712,104</u>	<u>90</u>
	Equity				
	Equity attributable to owners of the Bank				
	Share capital				
31101	Ordinary shares	48,616,031	2	48,616,031	2
31500	Capital surplus	27,548,445	1	27,405,763	1
	Retained earnings				
32001	Legal reserve	64,476,033	3	64,476,033	3
32003	Special reserve	13,252,879	-	7,669,374	-
32005	Unappropriated earnings	28,987,035	1	28,537,216	1
	Total retained earnings	106,715,947	4	100,682,623	4
32500	Other equity	519,765	-	(6,840,365)	-
32600	Treasury shares	(83,144)	-	(83,144)	-
	Total equity attributable to owners of the Bank	183,317,044	-	169,780,908	-
38000	Non-controlling interests	60,279,352	3	55,862,013	3
30000	Total equity	<u>243,596,396</u>	<u>10</u>	<u>225,642,921</u>	<u>10</u>
	Total liabilities and equity	<u>\$ 2,423,295,740</u>	<u>100</u>	<u>\$ 2,325,355,025</u>	<u>100</u>

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the Year Ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)**

Codes	For the Year Ended December 31				
	2023		2022		Change
	Amount	%	Amount	%	
41000 Interest income	\$ 80,871,931	164	\$ 50,043,879	112	62
51000 Interest expenses	(41,720,357 )	(85 )	(16,800,536 )	(37 )	148
Net interest income	39,151,574	79	33,243,343	75	18
Non-interest income					
49100 Service fee income, net	5,489,467	11	5,647,708	13	(3 )
49200 (Loss) on financial assets and liabilities measured at fair value through profit or loss	(944,188 )	(2 )	(2,512,366 )	(6 )	(62 )
49310 Realized gain on financial assets measured at fair value through other comprehensive income	2,462,620	5	2,502,696	5	(2 )
49450 Gain on financial assets measured at amortized cost	19,905	-	-	-	-
49600 Foreign exchange gain, net	2,307,327	5	4,334,914	10	(47 )
49700 Impairment gain (loss) on assets	58,233	-	(59,189 )	-	(198 )
49750 Proportionate share of profit of associates under the equity method	334,857	1	526,569	1	(36 )
49800 Other non-interest income, net	431,406	1	915,647	2	(53 )
Total non-interest income	10,159,627	21	11,355,979	25	(11 )
49020 Consolidated net revenue	49,311,201	100	44,599,322	100	11
58200 Provisions for bad-debt expense, commitment and guarantee liability	(9,882,613 )	(20 )	(4,336,995 )	(10 )	128
Operating expenses					
58500 Employee benefits	(11,114,704 )	(22 )	(10,590,464 )	(24 )	5
59000 Depreciation and amortization	(1,883,004 )	(4 )	(1,762,644 )	(4 )	7
59500 Other general and administrative	(5,202,076 )	(11 )	(4,677,469 )	(10 )	11
58400 Total operating expenses	(18,199,784 )	(37 )	(17,030,577 )	(38 )	7
61001 Profit before income tax	21,228,804	43	23,231,750	52	(9 )
61003 Income tax expense	(3,803,667 )	(8 )	(4,135,726 )	(9 )	(8 )
64000 Consolidated net income	17,425,137	35	19,096,024	43	(9 )
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
65201 Remeasurement of defined benefit plans	(99,247 )	-	99,014	-	(200 )
65204 Gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	4,272,511	9	(5,807,747 )	(13 )	(174 )
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk	32,147	-	(60,356 )	-	(153 )
65207 Proportionate share of other comprehensive income of associates under the equity method	(4,008 )	-	(21,563 )	-	(81 )
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss	(195,342 )	-	(148,329 )	-	32
Items that may be reclassified subsequently to profit or loss:					
65301 Exchange differences on translating foreign operations	(521,822 )	(1 )	14,335,022	32	(104 )
65306 Share of the other comprehensive income of associates accounted for using the equity method	20,397	-	(522,670 )	(1 )	(103 )
65309 Gain (loss) on debt instruments measured at fair value through other comprehensive income	7,135,240	14	(17,216,386 )	(39 )	(141 )
65310 (Gain) loss allowance for debt instruments measured at fair value through other comprehensive income	(62,226 )	-	61,602	-	(201 )
65320 Income tax relating to items that may be reclassified subsequently to profit or loss	(986,784 )	(2 )	620,660	1	(259 )
65000 Other comprehensive income for the period, net of income tax	\$ 9,590,866	20	\$ (8,660,753 )	(20 )	(211 )
66000 Total comprehensive income for the period	\$ 27,016,003	55	\$ 10,435,271	23	159
Net profit attributable to:					
67101 Owners of the Bank	\$ 14,659,995	30	\$ 14,937,870	34	(2 )
67111 Non-controlling interests	2,765,142	5	4,158,154	9	(34 )
67100	\$ 17,425,137	35	\$ 19,096,024	43	(9 )
Total comprehensive income attributable to:					
67301 Owners of the Bank	\$ 22,144,340	45	\$ 5,506,359	12	30
67311 Non-controlling interests	4,871,663	10	4,928,912	11	1
67300	\$ 27,016,003	55	\$ 10,435,271	23	159
Earnings per share					
67500 Basic	\$3.02		\$3.33		
67700 Diluted	\$3.02		\$3.33		

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the Year Ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Bank													
Cods		Share Capital		Retained Earnings			Other Equity				Total Equity Attributable to Owners of the Bank	Non-controlling Interests	Total Equity
		Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Change in Financial Assets at FVTOCI	Change in Credit Risk From Financial Liabilities Designated at FVTIPL	Treasury Shares			
A1	Balance on January 1, 2022	\$ 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
D1	Net profit for the year ended December 31, 2022	-	-	-	-	14,937,870	-	-	-	-	14,937,870	4,158,154	19,096,024
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	79,274	6,737,324	(16,187,753 )	(60,356 )	-	(9,431,511 )	770,758	(8,660,753 )
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	15,017,144	6,737,324	(16,187,753 )	(60,356 )	-	5,506,359	4,928,912	10,435,271
	Appropriation of 2021 earnings												
B1	Legal reserve	-	-	4,251,394	-	(4,251,394 )	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(8,066,886 )	-	-	-	-	(8,066,886 )	-	(8,066,886 )
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480	-	9,480
C17	Unclaimed dividends	-	112,407	-	-	-	-	-	-	-	112,407	-	112,407
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,747,568 )	-	1,747,568	-	-	-	-	-
E1	Issue of ordinary shares for capital increase by cash	3,800,000	10,260,000	-	-	-	-	-	-	-	14,060,000	-	14,060,000
N1	Share-based payment transaction	-	357,732	-	-	-	-	-	-	-	357,732	-	357,732
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(503,283 )	(503,283 )
Z1	Balance on December 31, 2022	\$ 44,816,031	\$ 27,405,763	\$ 64,476,033	\$ 7,669,374	\$ 28,537,216	\$ (126,464 )	\$ ( 6,677,607 )	\$ (36,294 )	\$ (83,144 )	\$ 169,780,908	\$ 55,862,013	\$ 225,642,921
A1	Balance on January 1, 2023	\$ 44,816,031	\$ 27,405,763	\$ 64,476,033	\$ 7,669,374	\$ 28,537,216	\$ (126,464 )	\$ ( 6,677,607 )	\$ (36,294 )	\$ (83,144 )	\$ 169,780,908	\$ 55,862,013	\$ 225,642,921
D1	Net profit for the year ended December 31, 2023	-	-	-	-	14,659,995	-	-	-	-	14,659,995	2,765,142	17,425,137
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(59,213 )	(295,231 )	7,806,642	32,147	-	7,484,345	2,106,521	9,590,866
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	14,600,782	(295,231 )	7,806,642	32,147	-	22,144,340	4,871,663	27,016,003
	Appropriation of 2022 earnings												
B1	Special reserve	-	-	-	5,583,505	(5,583,505 )	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(8,750,886 )	-	-	-	-	(8,750,886 )	-	(8,750,886 )
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480	-	9,480
C17	Unclaimed dividends	-	133,202	-	-	-	-	-	-	-	133,202	-	133,202
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	183,428	-	(183,428 )	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(454,324 )	(454,324 )
Z1	Balance on December 31, 2023	\$ 48,616,031	\$ 27,548,445	\$ 64,476,033	\$ 13,252,879	\$ 28,987,035	\$ (421,695 )	\$ 945,607	\$ (4,147 )	\$ (83,144 )	\$ 183,317,044	\$ 60,279,352	\$ 243,596,396

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Year Ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31	
		2023	2022(adjusted)
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 21,228,804	\$ 23,231,750
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	1,562,219	1,521,094
A20200	Amortization expenses	320,785	241,550
A20300	Provisions for bad debt expense, commitment and guarantee liability	9,882,613	4,336,995
A20400	Financial assets and liabilities measured at fair value through profit or loss	(208,266 )	(296,449 )
A20900	Interest expenses	41,720,357	16,800,536
A21200	Interest revenue	(80,871,931 )	(50,043,879 )
A21300	Dividend income	(2,381,875 )	(2,142,869 )
A21900	Share-based payment transaction	-	357,732
A22300	Proportionate share of profit of associates	(334,857 )	(526,569 )
A22500	Loss (gain) on disposal of properties and equipment, net	12,387	(195,228 )
A23500	(Gain) loss on financial asset impairment	(58,233 )	59,730
A23800	(Gain) on non-financial asset impairment	-	(541 )
A29900	Others	109,174	(856,044 )
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	56,450,875	(41,194,553 )
A41120	Financial assets measured at fair value through profit or loss	174,667	3,904,366
A41123	Financial assets measured at fair value through other comprehensive income	22,767,363	120,138,824
A41125	Investment in debt instruments measured at amortized cost	(57,541,836 )	(54,450,521 )
A41150	Receivables	(696,211 )	404,585
A41160	Discounts and loans	(8,059,096 )	(94,099,174 )
A41190	Other financial assets	(3,837 )	5,037
A41990	Other assets	(4,730,411 )	(1,495,901 )
A42110	Deposits from the central bank and other banks	(9,362,775 )	(4,630,510 )
A42120	Financial liabilities at fair value through profit or loss	837,903	1,739,036
A42140	Securities sold under repurchase agreements	(190,279 )	(13,723,456 )
A42150	Payables	1,162,687	124,349
A42160	Deposits and remittances	66,996,231	149,854,982
A42170	Other financial liabilities	4,196,597	(1,623,990 )
A42180	Employee benefit provisions	90,110	(24,725 )
A42990	Other liabilities	(114,621 )	(21,188 )
A33000	Cash from (used in) operations	62,958,544	57,394,969
A33100	Interest received	78,065,888	47,412,880
A33200	Dividends received	2,457,864	2,190,133
A33300	Interest paid	(37,962,543 )	(14,155,168 )
A33500	Income tax paid	(4,183,474 )	(3,712,477 )
AAAA	Net cash from (used in) operating activities	101,336,279	89,130,337

(Continued)



**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Year Ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

<b>Codes</b>		<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022(adjusted)</b>
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (1,809,583 )	\$ (1,247,367 )
B02800	Proceeds from disposal of properties	6,811	326,924
B03700	Acquisition of intangible assets	(463,479 )	(271,345 )
B04500	Acquisition of investment properties	(420,284 )	(276,213 )
B06800	Increase in other assets	(72,607 )	(179,131 )
BBBB	Net cash (used in) investing activities	(2,759,142 )	(1,647,132 )
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	-	(17,787,080 )
C01400	Proceeds from issuance of bank debentures	13,261,071	4,070,000
C01500	Payments for bank debentures	(625,400 )	(22,367,720 )
C03100	Payments for principal portion of lease liabilities	(840,938 )	(814,716 )
C04020	Cash dividend	(8,741,406 )	(8,057,406 )
C04500	Cash capital increase	-	14,060,000
C04600	Non-controlling equity	(454,324 )	(503,283 )
CCCC	Net cash from (used in) financing activities	2,599,003	(31,400,205 )
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	511,244	12,748,616
EEEE	Net increase (decrease) in cash and cash equivalents	101,687,384	68,831,616
E00100	Cash and cash equivalents at the beginning of the period	254,717,189	185,885,573
E00200	Cash and cash equivalents at the end of the period	\$ 356,404,573	\$ 254,717,189

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, 2023 and 2022:

<b>Codes</b>		<b>December 31, 2023</b>	<b>December 31, 2022(adjusted)</b>
E00210	Cash and cash equivalents in consolidated balance sheets	\$ 57,458,262	\$ 66,674,349
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	293,524,835	188,042,840
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	5,421,476	-
E00200	Cash and cash equivalents in consolidated statements of cash flows	\$ 356,404,573	\$ 254,717,189

(Concluded)



**(2). Adoption of the Proposal  
for Distribution of  
2023 Profits**



## **Acceptance No. 2**

Proposed by the Board of Directors

### **Proposal :**

Adoption of the Proposal for Distribution of 2023 Profits

### **Explanation :**

1. Pursuant to Article 228 Paragraph 1 of the Company Act, Article 50 Paragraph 1 of the Banking Act of the Republic of China, Article 41 of the Securities and Exchange Act (Rule No. 1090150022 issued by the Financial Supervisory Commission (FSC)), and Article 37 of the Articles of Incorporation.
2. The beginning Undistributed Retained Earnings in 2023 is NT\$14,202,825,729. The Net Profit after Income Tax in 2023 is NT\$14,659,994,357. After deducting the actuarial loss of NT\$59,213,595 on remeasurement of Defined Benefit Plans, and plusing the gain of NT\$ 183,428,133 on disposal of Equity Instruments Measured at Fair Value through Other Comprehensive Income, the Net Profit after Income Tax including the other items is NT\$14,784,208,895.
3. Pursuant to the Article 41 Paragraph 1 of the Securities and Exchange Act (Rule No. 1090150022 issued by the FSC) on March 31, 2021, and the audited financial statements for 2023, the Special Reserve of NT\$5,583,504,953, setting aside due to the negative value of Other Equity in the previous year, can be reversed since the value of Other Equity has become positive. After the reversal of Special Reserve, the Retained Earnings available for distribution for 2023 amounted to be NT\$34,570,539,577. Pursuant to the Article

of Incorporation, cash dividends of NT\$8,750,885,652 is distributed (NT\$1.80 per share). (For the Earnings Distribution Plan for 2023, please refer to page 83-84 for details)

4. The priority of distribution earnings of cash dividends is the reversal of the Special Reserve NT\$ 5,583,504,953 and then distributes the earnings in 2023. 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. When the Annual General Meeting resolves, the Board of Directors will be 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, the Board of Directors will be authorized to handle matters regarding the change of payout ratio.
7. It is also proposed to authorize the Board of Directors to revise the distribution plan due to changes of law and regulations, market conditions, environmental or receiving instructions from government authorities.

## **Resolution :**

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## 2023 Earnings Distribution Plan

	Unit : NT\$
Items	Total
Beginning Unappropriated Retained Earnings	\$14,202,825,729
Net Income for the period	14,659,994,357
Less: Remeasurements of defined benefit plans	(59,213,595)
Add: Gain on disposal of equity instruments measured at fair value through other comprehensive income	183,428,133
Net income for the period after adjusting items should be included in the unappropriated retained earnings	\$14,784,208,895
Add: Reversal of Special reserve in previous year (Note 4)	5,583,504,953
Retained earnings available for distribution for this period	\$34,570,539,577
Distribution item :	
Cash dividends to common share holders (\$1.80 per share)	(8,750,885,652)
Unappropriated Retained Earnings	\$25,819,653,925

### Note :

1. The priority of distribution earnings of cash dividends is the reversal of the special reserve and then distributes with earnings in 2023.
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.
3. According to Article 50 Paragraph 1 of the Banking Act, "unless and until the accumulated legal reserve equals the Bank's paid-in capital, the maximum cash profits which may be distributed shall not exceed 15% of the Bank's paid-in capital", and Article 50 Paragraph 2, "in the event that the accumulated legal reserve equals or exceeds a Bank's paid-in capital, the restrictions stipulated in the preceding paragraph shall not apply", the company's accumulated legal reserve NT\$64,476,032,582 exceeds the company's paid-in capital NT\$48,616,031,400 for the year ended December 31, 2023. Therefore, Article 50 Paragraph 1 of the Banking Act on the earnings distribution shall not apply.
4. The Special reserve is based on Article 41-1 of the Securities and Exchange Act and the Banking Bureau's requirement on March 31, 2021 (Ref. No. 1090150022).
5. Information Disclosure according to requirements of Banking Bureau:
  - (1). The legal reserve equals or exceeds 75% of the company's paid-in capital.
  - (2). After deducting cash dividend distributed from the company's paid-in capital and from the legal reserve, the capital adequacy ratio in the latest audited financial statement exceeds 12.5% and the ratio of Tier I capital exceeds 10.5%, of which the capital adequacy ratio has been audited.

- (3). There is no insufficiency or misrepresentation in allowances (including provision for guarantee liabilities), overdue loans or provision for loss on non-credit assets as examined in the latest financial examination or competent authority.
- (4). In February, 2024, the last month before the date of which the earnings distribution approved by the board of directors, the company's NPL ratio is 0.55%, which is over the average of Domestic Banks 0.14% but not higher than 1.5%. The company's coverage ratio is 241.02%, which is lower than the average of Domestic Banks 968.74%.
- (5). Punishments in the last year before the earnings distribution approved by the board of directors: According to the announcement of the FSC on November 28, 2023, the Bank failed to establish and implement the internal control system properly about customer information confidentiality and information security, and violated Article 45-1 Paragraph 1 of the Banking Law and Article 3, Article 8 Paragraph 1 Subparagraph 2 Item2 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The company was imposed a penalty of NT\$10 million in accordance with Article 129 Paragraph 7 of the Banking Law.
- (6). The legal reserve exceeds the company's paid-in capital. Pursuant to Article 50 Paragraph 2 of the Banking Act, the allocation of the legal reserve is non-mandatory in the earnings distribution.
- (7). The cash dividend NT\$8,750,885,652 exceeds 15% of the company's paid-in capital NT\$48,616,031,400.
- (8). The earnings distribution is distributed neither from the legal reserve nor the company's paid-in capital.
- (9). The remuneration of directors and employees' compensation recognized in the financial report for 2023 are NT\$46,000,000 and NT \$76,000,000, respectively.

**Chairman:** LEE, CHING-YEN

**President:** KUO, CHING-YI

**Chief Accountant:** HSU, SHOU-MING



# Discussion



**(1). Amendment to the  
Company's Articles  
of Incorporation**



## **Discussion No. 1**

Proposed by the Board of Directors

### **Proposal :**

Amendment to the Company's Articles of Incorporation.

Please proceed to discuss.

### **Explanation :**

1. In order to conform to the needs of commercial practice and amendments to related commercial laws, the company hereby proposes to amend the "Articles of Incorporation". The comparison table of amended articles, please refer to page 86-89 for details.
2. Please proceed to discuss.

### **Resolution :**

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## Articles of Incorporation

### Comparison Table of Amended Articles

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>Article 20</p> <p>The Bank shall have 9~15 directors to organize the board of directors. The candidate nomination system shall be adopted for the election of directors under the Company Act and relevant laws and/or regulations, and directors shall be elected from the list of director candidates by shareholders' meetings.</p> <p>The quorum of the directors mentioned in the preceding paragraph shall include independent directors at the minimum of three in number and one-<u>third</u> of the aggregate total of director seats.</p> <p>With respect to the professional qualification requirements, restriction on shareholding, holding of other official functions,</p>	<p>Article 20</p> <p>The Bank shall have 9~15 directors to organize the board of directors. The candidate nomination system shall be adopted for the election of directors under the Company Act and relevant laws and/or regulations, and directors shall be elected from the list of director candidates by shareholders' meetings.</p> <p>The quorum of the directors mentioned in the preceding paragraph shall include independent directors at the minimum of three in number and one-<u>fifth</u> of the aggregate total of director seats.</p> <p>With respect to the professional qualification requirements, restriction on shareholding, holding of other official functions,</p>	<p>Paragraph 2 of this article is revised with reference to the provisions of Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
identification of the independence, method of nomination and other issues concerning the independent directors, this shall be managed in accordance with the requirements of the competent authorities in charge of securities affairs.	identification of the independence, method of nomination and other issues concerning the independent directors, this shall be managed in accordance with the requirements of the competent authorities in charge of securities affairs.	
<p>Article 37</p> <p>If at the end of a fiscal year there is a profit for that year, the Bank shall, after payment of all taxes and offsetting the accumulated losses of previous years, first set aside a sum of it as legal reserve in accordance with laws and regulations unless such legal reserve already amounts to the Bank's total paid-in capital. Then the special reserve shall be set aside or reversed, and the dividends for preferred shares may be distributed. The final remaining surplus, if any, along with the undistributed earnings accumulated in previous years, including the reversals of special reserves prescribed by laws, shall</p>	<p>Article 37</p> <p>If at the end of a fiscal year there is a profit for that year, the Bank shall, after payment of all taxes and offsetting the accumulated losses of previous years, first set aside a sum of it as legal reserve in accordance with laws and regulations unless such legal reserve already amounts to the Bank's total paid-in capital. Then the special reserve shall be set aside or reversed, and the dividends for preferred shares may be distributed. The final remaining surplus, if any, along with the undistributed earnings accumulated in previous years, including the reversals of special reserves prescribed by laws, shall</p>	<p>Added "dividend distribution ratio of distributable earnings".</p>

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>then be the surplus available for distribution for the current year, <b><u>in principle, the distribution of the annual common shareholder dividends shall not constitute less than 10% of the surplus available for distribution of the year,</u></b> and the board of directors shall make the proposal for distribution and submit it to the regular shareholders' meeting for acknowledgment.</p> <p>The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>The dividend policy of the Bank shall take into consideration of the environment of banking</p>	<p>then be the surplus available for distribution for the current year, and the board of directors shall make the proposal for distribution and submit it to the regular shareholders' meeting for acknowledgment.</p> <p>The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>The dividend policy of the Bank shall take into consideration of the environment of banking</p>	



Content of Article after Amendment	Content of Article before Amendment	Remark
<p>industry and the growth stage of the Bank, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the funding requirements of the Bank, and its long-term financial planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.</p>	<p>industry and the growth stage of the Bank, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the funding requirements of the Bank, and its long-term financial planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.</p>	



**(2). Amendment to the  
Operational Procedures  
for Procedures Governing  
the Acquisition and  
Disposal of Assets**



## **Discussion No. 2**

Proposed by the Board of Directors

### **Proposal :**

Amendment to the Operational Procedures for Procedures Governing the Acquisition and Disposal of Assets.

Please proceed to discuss.

### **Explanation :**

1. In order to conform to the needs of commercial practice and amendments to related commercial laws, the company hereby proposes to amend the “Procedures Governing the Acquisition and Disposal of Assets”. The comparison table of amended articles, please refer to page 92-97 for details.
2. Please proceed to discuss.

### **Resolution :**

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## Procedures Governing the Acquisition and Disposal of Assets

### Comparison Table of Amended Articles

Content of Article after Amendment	Content of Article before Amendment	Remark
Article12 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a	Article12 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a	Added " And the actual transaction status of the year should be submitted to the latest Annual general meeting.".

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>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.</li> <li>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction</li> </ol>	<p>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"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>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.</li> <li>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction</li> </ol>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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</p>	<p>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</p>	



Content of Article after Amendment	Content of Article before Amendment	Remark
<p>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"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <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</p>	<p>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"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of 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.</p> <p>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> <p>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</p>	<p>any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of 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.</p> <p>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> <p>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</p>	

Content of Article after Amendment	Content of Article before Amendment	Remark
<p>to the Annual general meeting for approval before the transaction contract can be signed and payment can be made. <u>And the actual transaction status of the year should be submitted to the latest Annual general meeting.</u> However, transactions between the Company and its subsidiaries, or between subsidiaries, are not subject to this limitation.</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 and Annual general meeting need not be counted toward the transaction amount.</p>	<p>to the Annual general meeting for approval before the transaction contract can be signed and payment can be made.</p> <p>However, transactions between the Company and its subsidiaries, or between subsidiaries, are not subject to this limitation.</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 and Annual general meeting need not be counted toward the transaction amount.</p>	



# **Election**



## **Election**

Proposed by the Board of Directors

### **Proposal :**

The term of the directors of board of the company has expired and propose for re-election.

### **Explanation :**

1. The term of office of the current (21th) director of the company expires on July 4, 2024, and the re-election shall be held at the shareholders' meeting this year.
2. In accordance with Article 20 of the Articles of Incorporation of the Company, the Bank shall have 9~15 directors to organize the board of directors. The candidate nomination system shall be adopted for the election of directors under the Company Act and relevant laws and/or regulations, and directors shall be elected from the list of director candidates by shareholders' meetings. The 22st term of directors elected in this year's regular shareholders' meeting is set at 9 seats, of which 3 are independent directors. The list of candidates for directors (including independent directors) was reviewed and passed by the company's board of directors on March 29, 2024.
3. The election of directors shall be handled in accordance with the " Rules for Election of Directors" set by the company and relevant laws and regulations. Newly elected directors, in accordance with Article 21 of the Articles of Incorporation of the Company, have an office term of 3 years. They shall take office after the election of the shareholders' meeting. The term of office is from June 21, 2024 to June 20, 2027.

4. The list of candidates for the 22st term of directors (including independent directors) and the company " Rules for Election of Directors " are attached, please refer to page 101-104 and page 155-157(appendix 4) for details.
5. Please vote.

## **Voting Results**



# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

## The list of candidates for the 22st term of directors

Name	Education	Experience	Shareholding
LEE, CHING-YEN STEPHEN	Master of Business Administration, Northwestern University	Director, Managing Director and Chairman of SCSB Chairman of Shanghai Commercial Bank Limited Director of Temasek Holdings (Private) Limited Chairman of Board of Singapore Airlines Limited Director of Great Malaysia Textile Investments Pte. Ltd.	6,672,087
YUNG, CHU-KUEN	Master of Business Administration, University of Chicago	Manager of Citi Bank Hong Kong Director and Managing Director of SCSB Chairman of Shanghai Commercial Bank Limited	3,724,924
YUNG, CON-SING JOHN (Representative : Magnetic Holdings Limited)	Master of Business Administration, University of Chicago	Chase Bank Hong Kong Branch Senior Vice President, Deputy Executive Vice President, CIO, Executive Vice President and First Executive Vice President, Director and Managing Director of SCSB	128,798,376
CHIOU, YI-JEN	Master of Business Administration, National Sun Yat-sen University	Vice President, Deputy Executive Vice President, CIO, Executive Vice President, President and Director of SCSB Director of China Travel Service (Taiwan) Limited	4,321,733

Name	Education	Experience	Shareholding
KUO, CHING-YI	Department of Statistics, College of Business at National Taipei University	Vice President, Deputy Executive Vice President, Executive Vice President and President of SCSB Director of Taiwan Finance Corporation Director of Paofoong Insurance Company (Hong Kong) Limited	168,134
HUANG, HUI-CHU (Representative : Tilsbury Investments Inc.)	Master of Science, Computer Science Dept. National Chiao Tung University	General Manager, Taiwan IBM DOO and CHRO, Sinyi Real Estate Independent Director, Wistron ITS Corporate Supervisor, Commerce Development Research Institute	171,587,731

## THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

### The list of candidates for the 22st term of Independent directors

Name	Education	Experience	Shareholding
CHEN, MU-TSAI	Master of Economics, National Taiwan University	General Manager of Economic Research and Credit Analysis of The City Bank of Taipei Director General of Department of Monetary Affairs, Director General of Bureau of Monetary Affairs and Administrative Deputy Minister of Ministry of Finance, R.O.C. Chairman of Farmers Bank of China Chairman of Bank of Taiwan Chairman of China Industrial Development Bank Chairman of China Development Financial Holding Corporation Independent Managing Director of SCSB	0
TSENG, KUO- LIEH	Master of Public Administration, Harvard University	Chairman of E.SUN Bank Non-shareholder Director of the Taiwan Futures Exchange Independent Director of Sinyi Realty Inc., Vice President of Central Deposit Insurance Corporation Director General of Bureau of Monetary Affairs of Ministry of Finance, R.O.C. Director of Banking Bureau, Financial Supervisory Commission Independent Director of SCSB	0

Name	Education	Experience	Shareholding
FANG, YEN- LING	Doctor of Philosophy in Finance, Xiamen University, Fujian, China.	Executive Director and Head of Financial Services of KPMG in Taiwan Part-Time Lecturer of Soochow University Department of Accounting Lecturer of Taiwan Academy of Banking and Finance Independent Director of Tai-Sol Electronics Co., Ltd. Independent Director of Wistron Information Technology and Services Corporation Independent Director of Pharmosa Biopharm Inc.	0

# **Questions and Motions**



# **Appendices**





(Appendix No.1)

## **THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

# **Articles of Incorporation**

Amended on June 17, 2022

### **Chapter I General Provisions**

Article 1 The Bank is duly incorporated under the Company Act and Banking Act in the full name of The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as the Bank).

Article 2 The Bank is headquartered in Taipei City, Taiwan. It may have branches set up in appropriate locations in Taiwan and abroad as necessary after being duly resolved in the board of directors.

Article 3 Any and all public announcements to be made by the Bank shall be published in accordance with Article 28 of the Company Act and relevant laws and regulations.

### **Chapter II Business Operations**

Article 4 The Bank shall engage in business items of H101021 Commerce Banking, H102011 Bills Financing, H301011 Securities Brokerage, H601011 Personal Insurance Agency, and H601021 Property and Liability Insurance Agency (Subject to the business items approved by the relevant Competent Authorities)

Article 4-1 Where the Bank invests outwardly and, as a result, becomes a shareholder of limited liability, the Bank is free of the restriction set forth under Article 13, Paragraph 1 of the Company Act that restricts the total outward investment from exceeding 40% of the paid-in capital. The outward investment shall, nevertheless, be subject to approval as resolved in the Board of Directors beforehand.

### Chapter III Shares

Article 5 The Bank has the authorized capital of NT\$60,000,000,000.00, say total Sixty Billion New Taiwan Dollars Only, divided into 6 billion shares at Ten New Taiwan Dollars par value. The capital may be issued in excess of par. The board of directors is authorized with full powers to issue the unissued capital in installments. Preferred shares may be issued within the total amount of shares set forth in the preceding paragraph.

Article 5-1 The rights and obligations and other important issuance terms of preferred shares of the Bank are as follows:

1. When there is a profit at the end of a fiscal year, and there is still a surplus after paying all taxes, offsetting the accumulated losses of previous years, setting aside legal reserve and setting aside or reverse special reserve, then the surplus shall be first distributed as the dividends available for the preferred shares for that year.
2. The dividends of preferred shares shall be no more than 8% per annum of the issuance price per share, and the dividends may be distributed in cash once every year. After the financial statements are approved by the general shareholders' meeting, the board will determine the base date to pay the distributable dividends of the previous year. In the years of issuance and redemption, the distribution amount of dividends is calculated based on the actual number of days the preferred shares remain outstanding in that year.
3. If there are no earnings or the earnings are insufficient to pay dividends of preferred shares in full for a fiscal year, or if the distribution of dividends of preferred shares will result in the capital adequacy ratio lower than the minimum requirement by laws or competent authority, or because of other necessary considerations, the Bank may decide not to distribute dividends of preferred shares, and it will not constitute an event of default. If the preferred shares issued are non-cumulative, the undistributed dividends or the deficit of dividends distributed

will not be accumulated for deferred payment in the subsequent years when there are earnings.

4. Except for the dividends prescribed in Subparagraph 2 of this paragraph, shareholders of non-participating preferred shares are not entitled to participate in the allocation of cash and stock dividends with regard to the earnings and capital reserve for common shares.
5. The distribution order of the remaining assets of the Bank for the preferred shareholders is the same as that for the common shareholders.
6. The preferred shareholders do not have the right to vote or suffrage. However, they will have the right to vote in shareholders' meetings of preferred shares or shareholders' meetings that involve the rights and obligations of shareholders of preferred shares. With respect to the merger/consolidation, a resolution by the meeting of preferred shareholders is not required.
7. When the Bank issues new shares as a result of cash capital increase, the preferred shareholders have the same pre-emptive subscription rights as the common shareholders.
8. The board of directors is authorized to decide the period and proportion of conversion in the actual issuance terms of the preferred shares. Convertible preferred shares issued by the Bank may be converted at least 1 year after the date of issuance. Holders of convertible preferred shares may, pursuant to the issuance terms, apply for conversion of their shareholdings (in whole or in part) to common shares. Upon conversion, the converted shares shall have the same rights and obligations as common shares. Dividend distribution of the preferred shares in the year of conversion shall be calculated based on the ratio of the actual issuance days in the conversion year to total days of that same year, provided, however, that when said shares are converted prior to the ex-dividend date of any given year, the shareholders may not participate in the preferred shares

dividends distributed in that year and the subsequent years, but such shareholders may participate in the distribution of profit and capital reserve to holders of common shares.

9. If the Bank issues non-perpetual preferred shares, the issuance period cannot be shorter than 5 years. Holders of preferred shares have no right to request redemption of such shares by the Bank. Upon expiry date of the issuance period or from the first day following the fifth anniversary of the issuance date, the Bank may, pursuant to the issuing price and relevant issuance terms, redeem such shares in cash, compulsorily convert such shares into newly issued shares, or redeem such shares in other manners permissible by law. If at the time the Bank is unable to redeem all or a part of the preferred shares (due to force majeure or otherwise), the rights and obligations of the outstanding preferred shares will remain unchanged until full redemption by the Bank.
10. If the Bank issues perpetual preferred shares, holders of perpetual preferred shares have no right to request redemption of such shares by the Bank. In addition, the Bank may set a redemption date no earlier than the day following the fifth anniversary of the issuance date to redeem such shares (in whole or in part) at the actual issuing price. The rights and obligations of the remaining unredeemed preferred shares as described in the terms of preferred shares issuance will remain unchanged.

The board is authorized in full power, depending on capital market situation and investors' willingness to subscribe, to determine the name of the preferred shares, issuance date and specific issuance terms upon actual issuance in accordance with Articles of Incorporation and related laws and regulations.

Article 6      The Bank's share certificates shall be the registered ones and shall be affixed with the signatures or personal seals of the director representing the Bank and duly certified or authenticated by the bank which is competent to certify shares under the laws before

issuance.

For shares issued, the Bank may be exempted from printing share certificates but shall get the shares duly registered with a centralized securities depository institution and follow the regulations of that institution.

Article 7 (Deleted)

Article 8 All shareholders should fill in the signature/seal specimen card and send it to the Bank or the shareholder services agent entrusted by the Bank to keep it. Whenever shareholders handle stock affairs with or exercise other relevant rights to the Bank or the shareholder services agent entrusted by the Bank in writing, it shall be with the same signature/seal in the specimen card.

Article 9 (Deleted)

Article 10 (Deleted)

Article 11 Transfer of shares or a change in entries in the Register (Roster) of Shareholders shall be discontinued within sixty (60) days prior to a regular shareholders' meeting or within thirty (30) days prior to a special shareholders' meeting, or within five (5) days prior to the record (base) date scheduled to allocate dividend, bonus or other interests.

Article 12 The Bank shall manage and operate equity affairs exactly in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and laws and/or regulations concerned.

Article 12-1 The Bank may repurchase its shares, all relevant procedures shall be subject to relevant laws and/or regulations.

#### **Chapter IV Shareholders' meeting**

Article 13 The Bank's shareholders' meetings are in two categories, i.e., the regular shareholders' meeting and special shareholders' meeting.

Article 13-1 The powers, duties and responsibilities of the Bank's shareholders' meetings are enumerated below:

1. Enact and amend the Bank's Articles of Incorporation.
2. Appoint and discharge directors.
3. Review the reports from the board of directors and the Audit Committee.
4. Resolve the decisions regarding increase/decrease of capital.
5. Resolve the decisions regarding allocation of surplus earning and coverage of loss.
6. Exercise other issues the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by laws and/or regulations concerned.

Article 14 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.

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.

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.

Article 15 Unless otherwise prescribed in laws and/or regulations concerned, a special shareholders' meeting may be convened according to the legal procedures whenever the board of directors considers it necessary.

Article 16 A shareholder who is unable to attend a shareholders' meeting in person may duly issue a written proxy in the Bank provided form to authorize a proxy to attend on his or her behalf. Except a trust enterprise or a shareholder services agent approved by the competent authority in charge of securities, when a proxy is authorized simultaneously by two or more shareholders, his or her voting powers shall not exceed 3% of the aggregate total number of voting shares. The excess, if any, shall not be counted.

Article 17 Each share is entitled to one voting power unless otherwise prescribed in laws and/or regulations concerned.

The Bank whose shareholders should 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 for exercising the voting power.

Shareholders who exercises their voting power at a shareholders meeting in writing or by way of electronic transmission as set forth in the preceding. Paragraph 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.

Article 18 Unless otherwise prescribed in laws and/or regulations concerned, decisions in the shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 19 Decisions resolved in the shareholders' meeting shall be recorded in the Minutes stating time/date of the meeting, venue, name of the chairperson and the method of resolution. The Minutes shall be signed or sealed by the chairperson and along with the Signature Book of the Shareholders and the Power of Attorney for proxies shall be filed at the Bank.

## **Chapter V The Board of Directors**

Article 20 The Bank shall have 9~15 directors to organize the board of directors. The candidate nomination system shall be adopted for the election of directors under the Company Act and relevant laws and/or regulations, and directors shall be elected from the list of director candidates by shareholders' meetings.

The quorum of the directors mentioned in the preceding paragraph shall include independent directors at the minimum of

three in number and one-fifth of the aggregate total of director seats.

With respect to the professional qualification requirements, restriction on shareholding, holding of other official functions, identification of the independence, method of nomination and other issues concerning the independent directors, this shall be managed in accordance with the requirements of the competent authorities in charge of securities affairs.

Article 21 The tenure of office of directors shall be three (3) years. It is possible for directors to extend their service, if re-elected. In the event that reelection is held before expiry of the tenure of office and there is not such a decision that directors are not discharged until expiry of their tenure of office, the directors are deemed to be discharged before expiry.

The Bank sets up Audit Committee according to law and the Audit Committee shall exercise the powers, duties and responsibilities of supervisors as bestowed by the Company Act, Securities and Exchange Act and other laws and/or regulations concerned.

The Audit Committee shall be organized by all independent directors in full. The aggregate total of independent director seats shall not be less than three (3) in minimum, including one among them as the convener. Among the independent directors, a minimum of one shall be in the expertise of accounting or finance. The exercise of the powers, duties and responsibilities and other matters to be complied with of the Audit Committee shall be duly handled in accordance with laws and/or regulations concerned and the rules and regulations of the Bank.

A decision in the Audit Committee shall be resolved by more than one half of all Audit Committee members.

Article 21-1 The Bank sets up a Remuneration Committee, a Nomination Committee and a Risk Management Committee and may set up other functional committee(s).

Article 22 In the board of directors, 3~5 managing directors shall be elected from among directors; and one chairman (and one vice chairman)



shall be elected from among the managing directors.

The managing directors shall include a minimum of one independent director, and the independent director(s) shall not be less than one-fifth of the aggregate total of managing director seats.

Article 23 The chairman shall chair the shareholders' meeting, board of directors and board of managing directors meeting internally and shall represent the Bank externally. Where the chairman is on leave or unable to exercise his power and authority for any cause, the vice chairman shall act in his place. In the event that there is no vice chairman or that the vice chairman is on leave or unable to exercise his power and authority for any cause as well, the chairman shall appoint one managing director to act in his place. In the event that the chairman does not make such an appointment, one shall be elected from among the managing directors or directors to act in his place.

Article 24 Except the matters which shall be subject to decisions to be resolved by the shareholders' meeting according to law or according to the Bank's Articles of Incorporation, all business affairs of the Bank shall be duly handled under the decisions to be resolved by the board of directors. The board of directors shall have the following powers, duties and responsibilities:

1. Review and finalize mid-term and long-term strategic plans.
2. Review and finalize organizational rules and major rules and regulations.
3. Propose increase/decrease of capital.
4. Review and finalize decisions on establishment, dissolution or change in branch banks.
5. Review and finalize the Bank's budgets, final accounts.
6. Propose for allocation of surplus earnings or coverage of losses.
7. Appoint or discharge managerial officers.
8. Take charge of issues assigned by the chairman.
9. Exercise other powers, duties and responsibilities bestowed by laws and/or regulations concerned or the shareholders' meeting.

Article 25     Notices to a board of directors meeting may be served in writing, e-mail or FAX.

When the board of directors convenes a meeting, all directors shall attend the board of directors meeting in person. A director may, nevertheless, issue a written proxy and expressly specify the subject and scope of the powers authorized and authorize another director to attend a board of directors meeting on behalf.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

A director who attends a board of directors meeting through video system is deemed to have attended in person if such meeting is held through video system.

During the recess of the board of directors, the managing directors shall exercise the powers, duties and responsibilities of the board of directors through meetings on a regular basis according to laws, the Bank's Articles of Incorporation, decisions resolved in the shareholders' meeting and board of directors. Such meetings may be convened by the chairman at any time and shall be chaired by the chairman. Where the chairman is unavailable to perform such duties, the vice chairman shall act in his place. In the event that there is no vice chairman or that the vice chairman is unavailable to perform his duties as well, the chairman shall appoint one managing director to act in his place. In the event that the chairman does not make such an appointment, one shall be elected from among the managing directors to act in his place. The board of directors is authorized with full powers to fix the scope of the powers, duties and responsibilities of the board of directors to be exercised by the board of managing directors meeting in accordance with the preceding paragraph.

Article 26     Unless otherwise provided for in the Company Act, Banking Act and other laws and/or regulations concerned, decisions in the board of directors meeting shall be resolved by a majority vote in the meeting which is attended by directors who represent a majority of the total number of directors.

- Article 27 (Deleted)
- Article 28 Decisions resolved in the board of directors shall be recorded in the Minutes which shall be signed or affixed seal by the chairperson.
- Article 29 (Deleted)
- Article 30 (Deleted)
- Article 31 The remuneration to directors shall be fixed by the board of directors with reference to the normal rates prevalent in horizontal trades.
- An independent director shall not participate in distribution of the compensation to the Bank's directors.
- The Bank may acquire liability insurance for directors and key staff members for the potential responsibility for indemnity within the scope of their performance of duties according to law.

## **Chapter VI Staff of the Head Bank and Branches**

- Article 32 The president of Bank shall be nominated by the chairman. The Bank may have a certain number of senior executive vice presidents, executive vice presidents, deputy executive vice presidents, and managers, whom shall be nominated by the president and appointed with consents of a majority of attending directors at the board meeting attended by a majority of directors. The president shall generally handle all affairs of the bank according to resolutions adopted at the board of directors. The senior executive vice presidents, executive vice presidents, deputy executive vice presidents, and managers shall assist the president in handling such affairs.
- Article 33 (Deleted)
- Article 34 (Deleted)
- Article 35 The Bank's responsible person and staff shall not undertake any duties in another bank. In case of investment relationship as approved by the central competent authority, they may concurrently serve as a director or supervisor of an investee bank.

## Chapter VII Accounting

Article 36 The Bank's fiscal year starts from January 1 until December 31 of every calendar year. The Bank shall close its account for reporting for the first and second half of the year with the final closure conducted at the end of every fiscal year. By then the Bank shall work out business report, financial statements, decisions project on allocation of surplus earnings or coverage of loss and other items as designated by the competent authority and shall be submitted to the Audit Committee for audit thirty (30) days prior to the date scheduled for the regular shareholders' meeting. After such documents are duly acknowledged in the regular shareholders' meeting, they shall be submitted to the Competent Authority and make a public announcement according to laws and/or regulations.

Article 36-1 If the Bank has profit for the year, an amount of not less than 0.1% of the profit for the year shall be distributed as compensation to the employees and an amount not more than 0.6% of the profit for the year shall be distributed as compensation to the directors. However, if the Company still has accumulated deficits, such deficits shall be offset first.

The profit for the year as referred to in the preceding paragraph shall refer to the profit before income tax for the year before deducting the compensation distributed to employees and the compensation distributed to directors.

Compensation to employees may be distributed by stock or cash; its distribution method and the distribution ratio of compensation to directors shall be resolved by more than one half of consents of the attending directors at a meeting of board of directors attended by more than two-thirds of directors, and shall be reported to the shareholders' meeting.

The recipients of the above said distribution of employees' compensation may include the employees of affiliated companies that meet certain conditions.

Article 37 If at the end of a fiscal year there is a profit for that year, the Bank shall, after payment of all taxes and offsetting the accumulated losses of previous years, first set aside a sum of it as legal reserve in accordance with laws and regulations unless such legal reserve already amounts to the Bank's total paid-in capital. Then the special reserve shall be set aside or reversed, and the dividends for preferred shares may be distributed. The final remaining surplus, if any, along with the undistributed earnings accumulated in previous years, including the reversals of special reserves prescribed by laws, shall then be the surplus available for distribution for the current year, and the board of directors shall make the proposal for distribution and submit it to the regular shareholders' meeting for acknowledgment.

The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The dividend policy of the Bank shall take into consideration of the environment of banking industry and the growth stage of the Bank, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the funding requirements of the Bank, and its long-term financial planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.

## **Chapter VIII Supplementary Provisions**

Article 38 Any matters not adequately provided for herein shall be subject to Banking Act, Company Act and other laws and/or regulations concerned.

Article 39 (Deleted)



(Appendix No.2)

## **THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

### **Rules of Procedure for Shareholders Meetings**

Amended on June 13, 2023

Article 1      The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2      Unless otherwise provided by law , regulation, or the articles of incorporation, this Corporation's shareholders meetings shall be convened by the board of directors.

The Bank's shareholders' meetings can be held by means of visual communication network or other methods promulgated by the competent authority. Relevant procedures of the visual communication meeting are in compliance with the Company Act and applicable laws and regulations.

This Corporation shall furnish the attending shareholders or their proxies (collectively, "shareholders"), with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting.

In the event of a virtual shareholders meeting, shareholders

wishing to attend the meeting online shall register with visual communication platform used at the meeting two days before the meeting date.

For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Article 3 Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.

Article 4 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

Article 5 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend



shareholders meeting in a non-voting capacity.

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

Article 7      This Corporation shall record the proceedings of a shareholders meeting in their entirety in audio or video and retain the recording for at least 1 year.

Article 8      The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

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

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in

preceding paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the preceding paragraph is required. Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

- Article 9 If shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. If the meeting is finished, the shareholders may not elect the chair to continue the meeting at same or another venue.

- Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name.

The order in which shareholders speak will be set by the chair.  
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.  
When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.  
When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11     Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.  
If the shareholder's speech violates the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.  
If it is not a proposal, the chair may make a decision not to discuss or vote.

Article 12     When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.  
When a juristic person shareholder appoints two or more representatives to attend shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13     After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.  
Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned.  
No more than two questions for the same proposal may be raised.  
Each question shall contain no more than 200 words. The regulations in paragraphs Article 10 to 12 do not apply.

Article 14     The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals; when the chair is of the

opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 15      Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The voting results shall be reported on-site immediately and recorded in writing.

Article 16      When this Corporation holds a shareholders meeting, electronic means may be listed as one of the channels for the exercise of shareholder voting rights. It may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, if the shareholders are asked by the chair without any dissent, the effect shall be the same as the voting. If there is any objection, the chair may have a dissident and a waiver, ask him/her to raise his/her hand or stand up and calculate his/her voting rights. If the voting rights of the attending shareholders minus the voting rights of the dissident and the waived rights, they have already passed the required the voting rights are also deemed to be passed, and their effectiveness is also the same as voting.

Except as otherwise provided of law or regulations, a shareholder shall be entitled to one vote for each share held.

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

When this Corporation convenes a virtual shareholders meeting,

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

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

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with paragraph 4 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 16-1 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by

which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

Article 17      When a meeting is in progress, the chair may announce a break based on time considerations.

Article 18      When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19      The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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

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

- Article 20      When a meeting is in progress, if a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- Article 21      These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.



(Appendix No.3)

## **THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

# **Procedures Governing the Acquisition and Disposal of Assets**

Amended on June 17, 2022

### **Chapter I General Principles**

**Article 1** These Procedures are adopted in accordance with the Regulations Governing the Acquisition and Disposal of Assets.

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

When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter IV herein.

**Article 2** The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, and investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.

6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

### Article 3

Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: According to the applicable financial report preparation standards of the company.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is

permitted to conduct securities business.

Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline regulations of their respective trade associations and the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When implementing 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 appropriateness 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.
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 appropriate, reasonable and accurate, and that they have complied with applicable laws and regulations.

## **Chapter II Acquisition and disposal of assets**

Article 5 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.

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:

1. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
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.

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.

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.

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.

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 Acquisition and Disposal of Assets of Public Companies" and control procedures for the acquisition and disposal of assets by subsidiaries.

Article 6 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the

assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 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 Supervisory Commission (FSC).

Article 8 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.

Article 9 The calculation of the transaction amounts referred to in the preceding three articles shall be done 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 for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article10 Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

### **Chapter III Related Party Transactions**

Article11 When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.

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

Article12 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital,



10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:

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.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between 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:

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

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

If approval of more than half of 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 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 Annual general meeting need not be counted toward the transaction amount.

Article13 The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

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

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

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

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

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

Article14 When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the

actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article15 Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

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

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

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

## **Chapter IV   Engaging in Derivatives Trading**

Article 16   Public companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal audit system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article17 The company engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. Other important risk management measures.

Article18 Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article19 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 17 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee and all



independent directors shall be notified in writing.

## **Chapter V    Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

Article20      The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

Article21      The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article22      A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders

meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the

information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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

Article 23 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24 The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

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

participating in the merger, demerger, acquisition, or transfer of shares.

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

Article25 The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

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

Article26 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a

resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article27 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 22, Article 23, and the preceding article.

## **Chapter VI Public Disclosure of Information**

Article28 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:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
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:

- A. For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - B. For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
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:
- A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
  - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock

company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

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

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

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

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

- Article29 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
1. Change, termination, or rescission of a contract signed in regard to the original transaction.
  2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  3. Change to the originally publicly announced and reported information.

## **Chapter VII Additional Provisions**

- Article30 Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.

The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 28, paragraph 1.

- Article31 For the calculation of 10 percent of total assets under these procedure is calculated based on the total assets in the company's most recent individual financial report.

In the case of a company whose shares have no par value or a par



value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article32 Anyone who violates the procedures and the “Regulations Governing 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.

Article33 With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee.

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

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 12, paragraphs 5 and 6.

Article34 The company acquisition and disposal of assets and shall handle it in accordance with the provisions of this procedure. However, other laws and regulations provide for it. If there are any unfinished matters in this procedure, it shall be handled in

accordance with the relevant laws and regulations and the relevant operational requirements of the company.

Article35 This procedure is approved by the Audit Committee and approved by the Board of Directors and submitted to the Shareholders' Meeting for approval.

(Appendix No.4)

## **THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

### **The Rules for Election of Directors**

Amended on June 16, 2017

- Article 1      The election of directors of the Shanghai Commercial & Savings Bank Co., Ltd. (hereinafter referred to as the company) shall be conducted in accordance with these Rules. Anyone who has the capacity for conduct and meets the qualification standards set by the competent authority may be elected as a director.
- The qualifications and elections for the independent directors of the company shall comply with the Securities and Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Elections of directors at the company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act and Articles of Incorporation of the Company.
- Article 2      The single-named cumulative voting method shall be used for election of the directors at the company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3      The start and end of the election will be announced by the chairman. Before the election begins, the chair shall appoint a number of persons with shareholder status to act as the scrutineers and the ballot counters at the election, and perform the respective duties of vote monitoring, checking and counting personnel.
- Article 4      The number of independent and non-independent directors will be as specified in Articles of Incorporation of the Company and resolution of board of directors, and vote together according to

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

Article 5      The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 6      The voter must fill in the name of the elected person in the "elected person" column of the ballot, and may add the shareholder account number, uniform number or identity card number. If the elected person is a representative of a legal person, the name of the representative and the name of the legal person represented, uniform number or account number shall be filled in.

Article 7      A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by stipulated in Article 5 with the right to convene.
2. The number of elected persons exceeds the quota of the directors to be elected.
3. Other words or marks are entered in addition to the name of elected person, the shareholder account number, uniform number or identity card number and the number of voting rights allotted.
4. The writing is unclear and indecipherable.
5. The filled-in name of the elected person is the same as the

names of other shareholders, but the shareholder account number, uniform number or identity card number can be identified without filling in.

6. The total number of voting rights of electors exceeds the number of voting rights listed on their ballots.
7. The signature on the ballot or the shareholder's account number, uniform number or identity card number does not match the information listed on the shareholder's account name, legal person's representative or attending agent.
8. Any one of the name, account number, uniform number or identity card number of the elected person, the name of the representative, and the number of voting rights has been altered.

Article 8        Several ballot boxes shall be prepared to vote at the same time.

Article 9        The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on site.

Article 10       The board of directors of the company shall issue notifications to the persons elected as directors.

Article 11       Any matters not adequately provided herein shall be conducted in accordance with the laws, regulations, and the Articles of Incorporation of the company.

Article 12       These Rules, and any amendments hereto, shall be implemented after formulation of board of directors and approval by a shareholders meeting.



(Appendix No.5)

## THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

### Shareholding of Directors

- (1). All directors minimum shareholding and the shareholdings listed in the registry of shareholders

Title	Shareholdings	Shareholdings registered in the registry of shareholders
Director	116,678,475	157,366,718

- (2). Directors shareholding list

Position	Name	Current shareholding	Representative of juridical person
Chairman	LEE CHING YEN STEPHEN	6,672,087	-
Managing Director	YUNG CON-SING JOHN	128,798,376	Magnetic Holdings Limited
Managing Director (Independent Director)	CHEN, MU-TSAI	0	-
Director	YUNG, CHU-KUEN	3,724,924	-
Director	GU, CHAO-CHI	11,975,463	-
Director	CHIOU, YI-JEN	4,321,733	-
Director	LIN, CHIH-HUNG	1,874,135	-
Independent Director	TSENG, KUO-LIEH	0	-
Independent Director	HSIEH, KING-HU	0	-

Book closure date: April 23 2024





(Appendix No.6)

## **Other information should be disclosed**

1. Compensation of directors and employees :

- (1). The amount of directors' remuneration and employee compensation : Please see page 17 of this manual for details.
- (2). The discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized : None
- (3). The discrepancy, cause, and how it is treated : Not applicable

2. Effect upon business performance and earnings per share of any stock dividend distribution proposed or the return on investment of shareholder : Not applicable.

(The company has not disclosed financial forecasts for 2024, so it is impossible to estimate profit or loss, earnings per share or proposed data.)





