



中華開發金控
CHINA DEVELOPMENT FINANCIAL

**China Development Financial Holding Corporation
(Stock Code: 2883)
2024 Annual General Shareholders Meeting
Meeting Handbook**

(Summary Translation)

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

June 14, 2024

**China Development Financial Holding Corporation (“the Company”)
2024 Annual General Shareholders Meeting Agenda**

Time/ Date: 9:00 a.m., June 14, 2024 (Friday)

Place: No. 168, Jingye 4th Road, Zhongshan District, Taipei City 10466,
Taiwan R.O.C (1F, Grand Ballroom of the Grand Victoria Hotel)

Convening method: Hybrid Shareholders' Meeting

E-Meeting Platform: Taiwan Depository & Clearing Corporation (TDCC)
(<https://stockservices.tdcc.com.tw>)

1. Commencement of the Meeting
2. Chairperson's Statements
3. Matters to Report
 - Agenda 1: 2023 business report
 - Agenda 2: Audit Committee's 2023 review report
 - Agenda 3: 2023 distribution plan for employees' compensation and directors' remuneration
4. Matters for Recognition
 - Agenda 1: 2023 business report and financial statements
 - Agenda 2: 2023 earnings distribution plan
5. Matters for Discussion
 - Proposal 1: Amendment to the “Articles of Incorporation”
 - Proposal 2: The Company's plan to raise long-term capital
 - Proposal 3: Approval of the proposal for release of non-compete restriction on the directors of the board
6. Extemporaneous Motions
7. Adjournment

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- Appendix 2: Independent auditors' report
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- Appendix 8: Long-Term Capital Raising Plan Including Offering and Private Placement
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A. Matters to Report

Agenda 1: 2023 business report

Explanation:

The Company's 2023 business report, independent auditors' report and financial statements are attached hereto as Appendices 1 to 3.

Appendix 1

China Development Financial Holding Corporation Business Report

As we look back on 2023, the first half of the year saw inflation continuing worldwide, tightening policies from central banks, and the continued decline of the manufacturing industry. Global trade went through a recession, which also affected Taiwan's export demand. However, export orders recovered in the fourth quarter, and the performance of overall net exports contributed to the recovery of the economy. In terms of domestic demand, private consumption continues to drive the recovery momentum in the post-pandemic era. For investments, there was a clear decline due to weak terminal demand, corporations reducing inventory, and the high base period of the previous year. Overall economic growth slowed to 1.4% in 2023, but Taiwan still performed relatively well when compared to other major countries such as South Korean and Singapore. In the capital markets, the emergence of generative AI has driven up semiconductor stocks, which has in turn pushed the Taiwan stock market upward. In addition, the U.S. Federal Reserve stopped its interest rate hikes in the second half of the year, which led to international money returning to Taiwan stocks. The TWSE closed at 17,930.8 points at the end of 2023, a rise of 26.8% compared to the end of 2022.

The stabilization of the global financial market in 2023 coupled with increases in capital market transaction volumes have benefited the related business operations of KGI Securities and its subsidiaries such as CDIB Capital. The subsidiaries KGI Life Insurance and KGI Bank continued to focus their efforts on business expansion despite being impacted on their operating profits by rising U.S. dollar interest rates, elevated hedging costs and capital costs.

In 2023, China Development Financials consolidated net profit was NT\$18.95 billion (including NT\$5.4 million of non-controlling interests), the after-tax earnings per share was NT\$1.13, representing a growth of 16% year-on-year. The comprehensive income for 2023 was NT\$ 53.85 billion driven by recovery of bond valuations ranking number four amongst the financial holding companies.

Taiwan Ratings Corp. gave the company a long-term credit rating of "twAA-," a short-term credit rating of "twA-1+," and a "Stable" long-term outlook in August 2023. These ratings continue to affirm the group's robust credit structure and capital levels. Furthermore, Taiwan Ratings Corp. believes that the CDF Group should be able to deliver operating performances on par with the industry average in the next two years, while the major subsidiaries will be able to maintain their capital levels.

In 2023, CDF was once again listed as a constituent stock in DJSI World and DJSI

Emerging Markets for the fourth consecutive year. Its overall score ranked third internationally and second in Taiwan among the insurance industry. It also ranked in the top 5% of the S&P Global Sustainability Yearbook. The company has been included as a constituent stock in the FTSE4Good Emerging Market Index and FTSE4Good TIP Taiwan ESG Index for seven consecutive years. In addition to being included in the Top 100 Taiwan Sustainability Model Companies of the TCSA, the company has also earned an "A-" score from the Carbon Disclosure Project (CDP).

The company is actively working toward a low-carbon and sustainable environment, and is promoting low-carbon operations, supporting green energy initiatives, and building sustainable supply chains. In addition to implementing a variety of energy-saving and carbon reduction measures, since 2022 the company has also started to purchase green energy, which cumulatively accounts for 21% of the group's electricity usage per year. It is expected that in 2024 the CDF headquarters building will become the first financial holding headquarters building with both carbon neutrality and green building certifications.

In addition to ESG, the company's efforts on enriching customer experience and improving productivity via digital tools as part of its ABCDE strategy (A: Accelerate Digital; B: Become Employer of Choice; C: Customer Focus; D: Drive Growth, and E: Execution Excellence) has also yielded positive progress. Digitally acquired customers has increased by 29% compared to 2022, while end-to-end straight through processing (E2E STP) processes have increased by 21%, 35%, and 8% in KGI Bank, KGI Securities and KGI Life Insurance subsidiaries respectively.

With the commitment to "Become Employee of Choice," we continued to strengthen employee wellbeing in 2023 by offering above market standard, including maternity, paternity and volunteering leaves as well as flexible working program. Recognition and feedback programs were also launched to recognize employees demonstrating CDF values-aligned behaviors. These initiatives have been well received by employees and are reflected in the 2023 OAQ employee survey with staff engagement score increasing for the third consecutive year.

The following are the highlights each main business segment's performance in 2023:

(I) Life Insurance Business

KGI Life Insurance uses a customer-centric approach based on meeting customers' needs at different life stages such as protection, increasing value, retirement, inheritance, etc., while also helping customers achieve comprehensive protection planning. Its product types cover life insurance, retirement, accident insurance, medical insurance, long-term care, financial management, protection, and others. KGI Life Insurance develops long-term, protection-based products with rigorous asset liability management

and risk control and is committed to improving the protection of people in Taiwan. Moreover, KGI Life Insurance has spent years developing its sales staff, channels, bancassurance, brokers, financial services, group insurance, and e-commerce to continue expanding its scale of operations, increase its market share, and provide policy holders with comprehensive services. Differentiated products are offered based on the goals and special qualities of each channel to maintain sales advantages and balanced development.

Due to fluctuations in financial markets, KGI Life Insurance's new contract premium income in 2023 was NT\$52.3 billion, while total premium income totaled NT\$159.6 billion. The market share of new contract premiums was 7.8%, ranking fourth in the market. Though the market environment was challenging in 2023, our long-term sales strategy of focusing on high-value commodities produced clear results, with income from high-value commodity premiums hitting NT\$21.1 billion and placing third in the industry in market share. Premium income from protection-based products was NT\$20.7 billion, an increase of 39% compared over 2022 and ranking second in the industry in market share. Premium income from traditional foreign currency commodities was NT\$26.4 billion, ranking second in the industry in market share. KGI Life Insurance will continue to focus on foreign currency insurance policies and protection-based products and will actively increase the proportion of sales of installment-based products to create long-term value for the company.

In terms of sales staff and channels, recruitment and training are enhanced through in-depth cultivation of new employees, guidance from senior colleagues, digital training systems, and the introduction of the latest generative AI technology. Through our talent selection models and alliances with strategic partners, we are actively bringing in diverse and elite talent while also developing and promoting colleagues with high potential. The combination of our management models and digital AI platforms, have overhauled the customer experience and allowed us to build a sales team with professional expertise and the latest digital skills as a key part of our ABCDE strategy in accelerating digital and customer focus.

Regarding corporate governance and sustainable operations and development, KGI Life Insurance has established a comprehensive sustainable governance structure. The board of directors and functional committees serve to integrate and supervise the company's various departments to promote ESG sustainability and develop related business. The company works under the framework of four major strategic axes: deepening stewardship, guiding sustainable finance, creating inclusiveness and mutual benefit, and realizing low-carbon transformations. In particular, the company has been recognized through a variety of awards in 2023 both at home and abroad for its contributions in

climate governance, fair treatment of customers, and digital innovation. These include the Green Leadership award at the Asia Responsible Enterprise Awards (AREA), the Best Initiative in Diversity and Inclusion award from the Asset magazine, and two awards from the Insurance Asia Awards: ESG Initiative of the Year and Digital Insurance Initiative of the Year. KGI Life Insurance also ranked among the top 25% in the Financial Supervisory Commission's Assessment of the Implementation of Treating Customers Fairly Principles by Financial Institutions for the fifth time. Moreover, as a responsible investor, KGI Life Insurance is actively responding to the risks and opportunities that climate change brings to its investment portfolio by gradually reducing the carbon emissions of its investment portfolio as well as implementing corresponding climate action plans. The company's initiatives in sustainable investment led to it winning the three awards of the Influential Institution Award, Sustainability Themed Investing, and Shareholder Action Award at the Taiwan Sustainable Investment Awards (TSIA) in 2023.

On January 1, 2024, China Life officially changed its name to KGI Life Insurance to bring it in line with the name and identification of other consumer facing subsidiaries including KGI Bank, KGI SITE and KGI Securities. A new official website, Line account, and mascot "KGI Ah Fu" were also introduced at the same time as the name change. In the future, KGI Life Insurance will continue to integrate the resources of the entire group and leverage its new brand image to deepen its communications and interactions with customers as well as provide more comprehensive financial services, thereby becoming an insurance company dedicated to improving customers' lives.

(II) Banking Business

Retail Banking, Wholesale Banking, and Global Markets are the three main developmental pillars of KGI Bank. In addition to focusing on building fintech applications and creating integrated digital service solutions based on customer experiences, KGI Bank also aims to become customers' most recommended bank by focusing on customer needs and delivering high quality professional services. In terms of the personal financial business, KGI Bank aims to meet the varied financial requirements of individual customers through a comprehensive selection of products, such as personal housing loans, credit loans, wealth management, and diverse payment solutions.

As of the end of 2023, the overall credit balance for personal finances was NT\$159.9 billion, representing an increase of 7.5% compared to 2022. In terms of corporate finances, the bank endeavors to provide institutions and corporations at home and abroad with the most suitable solutions and offers customized professional services to corporate customers through the bank's professional division of labor and diversified

financial products. As of the end of 2023, the overall credit guarantee balance for corporate finances was NT\$274.4 billion. In terms of the financial market operations, in the face of rising interest rates, KGI Bank continues to dynamically adjust its hedging strategies and strengthen its risk management to establish asset configurations that yield stable returns. Furthermore, the company provides bill bond underwriting, financial product marketing, and asset management in response to the investment expansion and hedging needs of various channels.

For overseas business, KGI Bank's investment in Suyin KGI Consumer Finance Co., Ltd in the Mainland China region has achieved strong results, with profits of RMB 389 million in 2023, representing a growth of 143% for the year. KGI Bank also completed a capital increase in the company at the end of 2023, raising its equity ratio from 36.17% to 37.63%. In the future, Suyin KGI Consumer Finance Co., Ltd will continue to endeavor to develop the Mainland China market and achieve stable growth in overseas consumer financing.

The bank also applies innovative digital financial services to ensure customers have comprehensive and meaningful services, including the launch of a new mobile banking app in late 2022. As the first app in the industry with "all-in-one" functionality, the app boasts a smooth and simple application interface to allow customers to simultaneously apply for multiple products. Additionally, the bank uses scientific and objective tools to collect customers' views and requirements in order to optimize the speed of customer service as part of our ABCDE strategy to accelerate digital and enhance the customer experience.

KGI Bank's efforts to improve its customer service have been recognized through many industry awards, including the Best Customer Experience Enterprise Award at the Customer Service Excellence Awards (CSEA) (also known as the Golden Horse Awards of the customer service sector), the Silver Award for Domestic Banks and from the Evaluation of Taiwan's Service Industry organized by Commercial Times, the Silver Award for Banks from the 2nd Taiwan Best Customer Center Award, the Best Customer Satisfaction Award for Wealth Management Banks and Securities Companies organized by Business Today, and the Best Customer Service Center Senior Manager Award and Best Customer Service Management Team Award issued by the Taiwan Contact Center Development Association. KGI Bank also continues actively implementing fair treatment of customers and promoting inclusive finance. In 2023, the bank continued to actively expand the accessibility of financial services through digital innovation and designed customized loan products for disadvantaged groups who often do not have proof of income and thus have difficulty receiving loans from banks. For this, KGI Bank was awarded the top prize in the National Brand Yushan Awards, which was presented

by the President of the ROC. Furthermore, the bank's active efforts to build an "inclusive financial ecosystem" were recognized by the Commercial Times with the Excellence Award for Inclusive Finance in the Digital Financial Awards, as well as Best Service Innovation Enterprise from the CSEA's Best Customer Experience Enterprise Awards.

Regarding responsible finance and sustainable development, KGI Bank released its first Task Force on Climate-Related Financial Disclosures (TCFD) report in 2023. Climate risks and opportunities are now taken into consideration when formulating operational strategies, and the effect of climate change on operations is regularly reviewed. Through these efforts, the bank will establish further measures for climate governance and management and will help customers promote low-carbon transformations for their enterprises. Moreover, the bank continues to promote and implement the FSC Green Finance Action Plan. It is actively participating in the financing of benchmark large-scale renewable energy power plants in Taiwan and is collaborating with the rest of the finance industry to expand the influence of green finance. As of the end of 2023, KGI Bank's green credit balance reached NT\$17.07 billion (based on the definition of the Joint Credit Information Center), a significant increase of 48.3% over December of 2021, the base year. Additionally, the promotion of green deposits has been expanded to include religious groups, tertiary educational institutions, and non-profit organizations, which have responded with positive feedback and participation. In 2023, KGI Bank was awarded the bronze award from the 2023 Taiwan Sustainable Action Award. From green deposits to green credit, KGI Bank has successfully leveraged the power of finance to guide corporate transformations and thoroughly realize Taiwan's sustainable development. Our continued focus on accelerating the growth of our retail franchise and expanding our coverage both domestically and overseas for our clients will further enhance the growth of our banking franchise.

(III) Venture Capital/Private Equity Business

The overall capital market stabilized in 2023, which was beneficial to CDIB Capital's evaluations of its investment positions, which saw a significant increase compared to 2022. In particular, the OTC positions outperformed market returns for the same period.

In 2023, CDIB Capital continued to establish strategic partnerships with key industry leaders, expand its investment know-how, and strengthen its competitive advantages in fund management and its fundraising channels as part of its drive growth and execution excellence ABCDE strategy. The company also established an office in Japan to work with local investors and expand its reach to outside the Greater China region. In addition to pursuing the company's traditional private equity business, the overseas team also explored and expanded its selection of niche products and sales channels that fulfill the requirements of high net worth (HNW) customer groups. This includes the issuance of

the first batch of beneficiary notes in the fourth quarter via the private credit team's collaborations through the group. These sales channels will be further expanded in 2024. Additionally, the overseas team with offices in Hong Kong, China and the United States has started planning an investment framework for a fund of funds, which will help build more diversified products befitting HNW customers. A total of approximately NT\$1.67 billion in new assets under management were added in 2023, including: (1) our China team completed the establishment of the Taiwanese business fund, and the first round of the fund closed at RMB168 million; (2) our Taiwan team obtained a total management fund quota of NT\$600 million from the National Development Fund's Management Plan for the Entrusted Investments for Strengthening the Investment in SMEs, and has made investment allocations accordingly; (3) our overseas team issued the first batch of beneficiary notes and continued to conduct sales promotions. The cumulative committed investment scale for managed assets reached NT\$46.9 billion at the end of 2023, with the investment regions mainly being Taiwan, Mainland China, and North America. NT\$3.1 billion in investment allocation and NT\$2.2 billion in investment recovery were completed in 2023. A total of NT\$37.1 billion was allocated for direct investments and around NT\$13.1 billion was recovered. A total of NT\$12.6 billion was returned to investors through fund distribution or capital reduction.

Furthermore, the company's management team has organized or jointly organized many online and offline activities, such as CDIB Capital Lectures and family office forums, to connect existing and potential investors and create a stakeholder ecosystem. The company has also increased the channels for diverse credit lines in order to improve the flexibility of the company's capital utilization and has gradually increased its operating leverage to make the company's overall capital utilization more efficient. In terms of the company's sustainable development and net-zero goals, the total green investment outstanding grew 17% compared to the base year of 2020, and it is expected that in 2024 the first closing will be completed for Kai Hong Energy, which was established for the purpose of green energy investments. In response to the National Development Council's Incentives for the Youth to Engage in Regional Revitalization, the company has contributed to helping micro and small-sized enterprises and has organized many activities on regional revitalization and volunteering. The results for reducing the company's carbon emissions from its own operations and investments and financing also exceeded the annual targets, which is a clear demonstration of CDIB Capital's successful implementation of ESG.

(IV) Securities Business

KGI Securities provides customer-centric services and pursuing win-win circumstances with customers while providing customized financial planning and investment solutions

that best fit their needs.

KGI Securities has maintained its competitive position in the industry in a variety of business areas. In 2023, the market share of the company's brokerage business was 11.1%, the second highest in the industry, while the scale of the assets under management in the company's wealth management business reached a record high. The company again ranked first with a 18.2% share on the foreign institutional investor brokerage market and second with a 19.4% share of the securities lending business market, thus showing that its professional research and services have received widespread recognition by international corporations. In addition, the company launched its foreign securities custody business in October 2023, while also actively expanding its sources of securities in order to satisfy the varying requirements of customers. In the company's capital market business, there were 33 cases of underwriting of initial listings and secondary market fundraising, accounting for a 14% market share and leading the market for eleven consecutive years. The total amount underwritten was NT\$37.0 billion, and the company's market share of 25% ranked first in the industry. For bonds, the underwriting of primary market company bonds in NTD and international bonds combined to reach NT\$117.2 billion, signifying a market share of 12.2% and ranking first in the industry. In terms of derivatives, the issued call (put) warrants totaled NT\$93.6 billion and 12,356 warrants, with market shares of 19% for both. The annual warrant transactions accounted for 15% of the market, ranking second in the market.

The “LOHAS 1-on-1 Expert Runs with You” service, which provides investors with free consultations for the most appropriate asset allocation planning, is the first in the industry to utilize the Online-Merge-Offline framework and transcend the traditional service model that allows customers to have real dialogs with financial experts. Furthermore, the company remains committed to digital transformations and innovations as key part of its ABCDE strategy. For example, the “Open Campus” on e-Strategy App offers a variety of investment information services without having to log in, the Eagle Eye system ensures customers can find the right timing for transactions, and the RSP Daily Deduction, fixed-amount products allows customers to flexibly adjust their investment strategies. At the same time, to meet customers’ diverse financial management requirements, the podcast “Financial Talk with Podcaster” was launched in order to examine financial issues from an everyday perspective and help customers add value to their lives. The Taiwan stock investment video channel “KGI Stock Rising” was also created in collaboration with KGI SIAC to help investors develop the right concepts for investment. With its outstanding financial expertise and services and its comprehensive deployment in the Asia-Pacific region, KGI Securities' professional team has received multiple awards from financial media outlets, competent authorities,

international corporations, and professional organizations at home and abroad. The company has become firmly established as a leading brand in the industry, having won a total of 77 domestic and foreign awards in 2023 and setting new records for awards for two consecutive years. These awards encompass wealth management, customer service, digital innovation, research, and analysis, ESG, sustainable finance, and other areas.

KGI Securities continues to make significant progress in the promotion of sustainable finance and the fair treatment of customers, including the establishment of a Sustainability Committee under the Board of Directors, which is responsible for leading the company's sustainable development and net-zero policies as well as promoting diverse green finance products and services. The company has also voluntarily disclosed its 2022 Sustainability Report, which has undergone external assurance from third-party accountants in a manner that is more rigorous than regulatory requirements. The underwriting amount of sustainable development bonds in 2023 was NT\$18.65 billion, representing an annual growth of 125%. Furthermore, in the spirit of "fairness and empathy, treating guests as treating yourself," the company was the first in the industry to optimize the interface in its KGI e-Strategy App to be handicap-accessible, thereby becoming the first securities company in Taiwan to have passed the app accessibility certification from the Taipei Parents' Association for the Visually Impaired. The company also commissioned the Duofu Barrier-free Life and Transportation Development Association to provide consultations on handicap-accessible environment assessments, and accordingly has also become the first securities company to have received the accessible environment certification. This represents a new milestone in the fair treatment of customers. These efforts have allowed KGI Securities to gain the trust and support investors as well as build a stronger foundation for future development.

CDF has long been championing education projects via China Development Foundation, KGI Charity Foundation, and our subsidiaries, such as "Heritage 100 & Tutoring 100," "Perfect Nutrition," and "Scholarship for skilled vocational high school students," in advocating the development of a sustainable society. We aim to implement the core value of the "co-creation of society" and related United Nations' Sustainable Development Goals (SDGs). Furthermore, the company continues to promote corporate volunteer projects. In 2023, the total number of service hours of the group reached a record high, exceeding a total of 100 thousand hours, enhancing the attention paid to environmental protection, care for the disadvantaged, elderly care, and local creation by the group's employees. Aided by thriving social enterprises and innovation, we integrate resources from the group, social enterprises, and local creative teams to create a mutually beneficial model for a sustainable local revitalization ecosystem. Volunteering has enhanced the employees' identification with the company's ESG philosophy, creating positive engagement for our

staff and our partners.

Looking ahead to 2024, global trade will gradually pick up again and manufacturers inventory levels will taper off, and emerging application fields such as AI, high-performance computing, and automotive electronics will see expansion. These factors are expected to help the economic momentum of Taiwan, where the manufacturing industry accounts for a relatively high percentage of the economy. Regarding domestic demand, the growth of private consumption is expected to still maintain positive growth given the relatively high disposable income and private consumption. As for fixed investments, semiconductor manufacturers are continuing to invest in advanced processes to satisfy the demand from AI applications, while green energy investments will also play an important role. Overall, it is projected that economic growth in Taiwan will recover further in 2024 compared to 2023.

Finally, we would like to thank all our employees for their hard work as well as our clients, regulators, and our shareholders for their continued support. We remain committed to pursue steady long-term development and embrace innovation and talent to deliver sustainable financial solutions to our clients, shareholders, and to the community.

Chairman:

Chief Executive Officer:

Chief Accounting Officer:

Appendix 2

Independent Auditors' Report

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Development Financial Holding Corporation (the "Corporation") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The 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, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended

December 31, 2023 are as follows:

Impairment of Discounts and Loans

The management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans (“the Procedures”) issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. Since the important assumptions and input values used in revisions and adjustments involve critical judgments and estimates and impairment has a significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the year ended December 31, 2023.

Refer to Notes 4, 5 and 52 for the accounting policy information, critical judgment, estimation uncertainty and related disclosures of the impairment of discounts and loans.

Our key audit procedures performed in respect of the above matter included the following:

We obtained an understanding of the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We understood the methodology, main assumptions and parameters adopted by the management in accordance with the IFRS9 impairment model, as well as the important assumptions and input values considered in its revision and adjustment. We selected samples of discounts and loans and evaluated the reasonableness of measuring expected credit losses.

Assessment of Insurance Liabilities and Liability Adequacy Reserve

As stated in Note 5, management uses actuarial models and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences of the target markets of KGI Life Insurance Co., Ltd. (KGI Life Insurance, originally called China Life Insurance). The assessment of liability adequacy reserves is in compliance with the relevant norms promulgated by the Actuarial Institute of the Republic of China. When KGI Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows from insurance contracts is based on a reasonable estimate of future insurance payments, premium income and related expenses. Since any change in the actuarial model and material assumptions will have a significant influence on insurance liabilities and liability adequacy reserves, we considered them as key audit matters for the year ended December 31, 2023.

Refer to Notes 4, 5 and 51 for the relevant accounting policy, material accounting judgments, estimation uncertainty, and disclosures of assessment of insurance liabilities and liability adequacy reserves.

We understood and assessed KGI Life Insurance’s internal controls related to insurance liabilities

and liability adequacy reserves. We requested that our internal actuarial specialists assist us in performing our audit procedures regarding insurance liability, including the evaluation of the rationale of relevant assumptions and actuarial models adopted by management. As for the liability adequacy reserve, we assessed the reasonableness of the underlying assumptions and outcomes.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Appendix 3

2023 financial statements

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 72,864,773	2	\$ 132,489,379	4
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 47)	29,682,480	1	54,451,552	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 9, 18, 46 and 47)	550,917,931	15	466,530,498	13
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 47 and 52)	249,360,614	7	215,165,592	6
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 11, 18, 46, 47 and 52)	1,668,017,681	46	1,678,606,935	47
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 12)	835,695	-	2,511,620	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 13)	68,181,458	2	31,770,532	1
RECEIVABLES, NET (Notes 4, 14, 46, 47 and 52)	156,501,248	4	111,420,657	3
CURRENT TAX ASSETS (Note 4)	891,186	-	148,379	-
DISCOUNTS AND LOANS, NET (Notes 4, 15, 46 and 52)	430,891,355	12	427,835,924	12
REINSURANCE ASSETS, NET (Notes 4 and 16)	1,011,096	-	1,016,200	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 17 and 18)	24,818,337	1	20,100,667	1
OTHER FINANCIAL ASSETS (Notes 19, 46 and 47)	177,975,337	5	166,905,284	5
INVESTMENT PROPERTY, NET (Notes 4, 20 and 47)	59,391,549	2	58,626,748	2
PROPERTY AND EQUIPMENT, NET (Notes 4, 21 and 47)	31,174,212	1	33,670,962	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 22 and 47)	11,860,235	-	12,623,300	-
INTANGIBLE ASSETS, NET (Note 23)	17,778,030	-	18,342,534	1
DEFERRED TAX ASSETS (Notes 4 and 43)	18,834,982	-	18,068,348	-
OTHER ASSETS, NET (Notes 24 and 46)	77,223,854	2	86,863,239	2
TOTAL	\$ 3,648,212,053	100	\$ 3,537,148,350	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and financial institutions (Notes 25 and 46)	\$ 7,027,312	-	\$ 11,972,428	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 46)	62,481,110	2	82,361,141	2
Financial liabilities for hedging (Notes 4 and 12)	697,122	-	581,359	-
Notes and bonds issued under repurchase agreements (Notes 4, 8, 10, 11 and 26)	130,294,589	4	101,183,895	3
Commercial paper payable, net (Notes 27 and 47)	29,459,780	1	24,778,477	1
Payables (Notes 28 and 46)	107,156,822	3	90,722,635	3
Current tax liabilities (Note 4)	312,088	-	548,915	-
Deposits and remittances (Notes 29 and 46)	529,936,718	14	529,644,019	15
Bonds payable (Note 30)	101,938,248	3	91,643,007	3
Other borrowings (Notes 31 and 47)	24,444,457	1	23,675,664	1
Provisions (Notes 4 and 32)	2,082,411,350	57	2,094,580,716	59
Other financial liabilities (Note 34)	210,573,263	6	205,120,359	6
Lease liabilities (Notes 22 and 46)	4,034,022	-	4,603,517	-
Deferred tax liabilities (Notes 4 and 43)	16,326,381	-	13,904,031	-
Other liabilities (Note 46)	78,168,155	2	53,042,811	1
Total liabilities	3,385,261,417	93	3,328,362,974	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35 and 36)				
Capital				
Common stock	168,345,806	5	168,453,886	5
Preferred stock	15,821,424	-	15,821,424	-
Advance receipts for capital stock	(6,000)	-	-	-
Capital surplus	33,588,602	1	33,626,805	1
Retained earnings				
Legal reserve	15,613,641	-	13,703,864	-
Special reserve	48,976,557	1	410,006	-
Unappropriated earnings	19,775,079	1	50,476,328	2
Other equity	(39,296,475)	(1)	(73,829,040)	(2)
Total equity attributable to owners of the parent	262,818,634	7	208,663,273	6
NON-CONTROLLING INTERESTS (Note 35)	132,002	-	122,103	-
Total equity	262,950,636	7	208,785,376	6
TOTAL	\$ 3,648,212,053	100	\$ 3,537,148,350	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE (Notes 37 and 46)	\$ 96,812,671	245	\$ 80,244,713	84	21
INTEREST EXPENSE (Notes 37 and 46)	<u>(23,521,096)</u>	<u>(60)</u>	<u>(9,386,699)</u>	<u>(10)</u>	151
INTEREST PROFIT, NET	<u>73,291,575</u>	<u>185</u>	<u>70,858,014</u>	<u>74</u>	3
NONINTEREST PROFITS AND GAINS, NET					
Service fee and commission, net (Notes 19, 38 and 46)	3,895,347	10	1,292,370	1	201
Net income from insurance operations (Notes 39 and 46)	(54,176,224)	(137)	1,251,172	1	(4,430)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 40 and 46)	42,602,842	108	(127,915,536)	(134)	133
Gain (loss) on investment property, net	650,877	2	450,120	1	45
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 41)	1,445,442	4	2,369,243	3	(39)
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	270,947	1	341,584	-	(21)
Foreign exchange gain (loss), net	1,819,501	4	90,094,660	95	(98)
Impairment loss on assets, net	(816,914)	(2)	(1,890,463)	(2)	(57)
Share of the profit (loss) of associates and joint ventures	2,129,077	5	(165,708)	-	1,385
Gain (loss) on reclassification using the overlay approach (Note 8)	(33,440,550)	(85)	65,253,132	68	(151)
Net changes in reserve for changes in foreign exchange valuation	1,118,139	3	(7,535,803)	(8)	115
Others (Notes 46 and 48)	<u>761,988</u>	<u>2</u>	<u>914,368</u>	<u>1</u>	(17)
Total noninterest profits and gains, net	<u>(33,739,528)</u>	<u>(85)</u>	<u>24,459,139</u>	<u>26</u>	(238)
TOTAL NET REVENUE	<u>39,552,047</u>	<u>100</u>	<u>95,317,153</u>	<u>100</u>	(59)

(Continued)

**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
(ALLOWANCE) REVERSAL FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	\$ (361,310)	(1)	\$ 146,568	-	(347)
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	12,962,007	33	(44,989,888)	(47)	129
OPERATING EXPENSES (Notes 22, 33, 42 and 46)					
Employee benefits	(18,979,829)	(48)	(16,340,602)	(17)	16
Depreciation and amortization	(3,795,211)	(10)	(3,531,131)	(4)	7
Other general and administrative expenses	(8,800,822)	(22)	(8,661,235)	(9)	2
Total operating expenses	(31,575,862)	(80)	(28,532,968)	(30)	11
NET PROFIT BEFORE INCOME TAX	20,576,882	52	21,940,865	23	(6)
INCOME TAX EXPENSE (Note 43)	(1,628,763)	(4)	(5,551,678)	(6)	(71)
NET PROFIT FOR THE YEAR	18,948,119	48	16,389,187	17	16
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	(101,514)	-	547,846	1	(119)
Share of the other comprehensive income (loss) of associates and joint ventures	541,204	1	(958,909)	(1)	156

(Continued)

**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Gain (loss) on equity instruments measured at fair value through other comprehensive income	\$ (1,412,101)	(4)	\$ (10,656,072)	(11)	(87)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 43)	665,602	2	461,805	-	44
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	(236,103)	(1)	3,397,017	4	(107)
Share of the other comprehensive income (loss) of associates and joint ventures	(14,937)	-	617,418	1	(102)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 43)	(1,363,609)	(3)	3,215,828	3	(142)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	3,383,919	9	(15,434,825)	(16)	122
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	<u>33,440,550</u>	<u>84</u>	<u>(65,253,132)</u>	<u>(69)</u>	151
Other comprehensive income (loss) for the year, net of income tax	<u>34,903,011</u>	<u>88</u>	<u>(84,063,024)</u>	<u>(88)</u>	142
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 53,851,130</u>	<u>136</u>	<u>\$ (67,673,837)</u>	<u>(71)</u>	180
NET PROFIT ATTRIBUTABLE TO:					
Owners of parent	\$ 18,942,700	48	\$ 16,365,629	17	16
Non-controlling interests	<u>5,419</u>	<u>-</u>	<u>23,558</u>	<u>-</u>	(77)
	<u>\$ 18,948,119</u>	<u>48</u>	<u>\$ 16,389,187</u>	<u>17</u>	16

(Continued)

**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of parent	\$ 53,847,488	136	\$ (67,700,361)	(71)	180
Non-controlling interests	<u>3,642</u>	-	<u>26,524</u>	-	(86)
	<u>\$ 53,851,130</u>	<u>136</u>	<u>\$ (67,673,837)</u>	<u>(71)</u>	<u>180</u>
EARNINGS PER SHARE (Note 44)					
Basic	<u>\$1.13</u>		<u>\$0.98</u>		
Diluted	<u>\$1.13</u>		<u>\$0.98</u>		

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent													Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity	
	Capital				Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income Reclassified Using the Overlay Approach	Equity on Hedging Instruments	Others	Treasury Shares				
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve										Unappropriated Earnings
BALANCE AT JANUARY 1, 2022	\$ 171,896,598	\$ 18,930,436	\$ 31,175	\$ -	\$ 36,147,480	\$ 10,035,815	\$ 298,120	\$ 52,021,923	\$ (5,126,549)	\$ 13,669,003	\$ 5,406,323	\$ -	\$ (1,458,485)	\$ (9,071,501)	\$ 292,780,338	\$ 330,414	\$ 293,110,752
Appropriation of the 2021 earnings	-	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	123,680	(123,680)	-	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(16,848,354)	-	-	-	-	-	-	(16,848,354)	-	(16,848,354)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(3,077)	-	-	-	-	-	-	(3,077)	-	(3,077)
	-	-	-	-	-	3,668,049	123,680	(20,643,360)	-	-	-	-	-	-	(16,851,631)	-	(16,851,631)
Special reserve reversed	-	-	-	-	-	-	(11,794)	11,794	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	54,623	-	-	-	-	-	-	-	-	-	54,623	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	16,365,629	-	-	-	-	-	-	16,365,629	23,558	16,389,187
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	418,390	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(84,065,990)	2,966	(84,063,024)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	16,784,019	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(67,700,361)	26,524	(67,673,837)
Retirement of treasury share	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	9,071,501	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	4,978	-	-	-	-	1,132	-	-	-	-	6,110	(214,497)	(208,387)
Share-based payments	(35,575)	-	(31,175)	-	(24,924)	-	-	1,855	-	-	-	-	514,747	-	424,928	-	424,928
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,338)	(20,338)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,350,831	-	(2,350,831)	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(50,734)	-	-	-	-	-	-	(50,734)	-	(50,734)
BALANCE AT DECEMBER 31, 2022	168,453,886	15,821,424	-	-	33,626,805	13,703,864	410,006	50,476,328	(1,116,811)	(13,728,907)	(58,042,885)	3,301	(943,738)	-	208,663,273	122,103	208,785,376
Appropriation of the 2022 earnings	-	-	-	-	-	1,909,777	-	(1,909,777)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	48,566,551	-	(48,566,551)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,909,777	48,566,551	(50,476,328)	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	19,329	-	-	-	-	-	-	-	-	-	19,329	-	19,329
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	18,942,700	-	-	-	-	-	-	18,942,700	5,419	18,948,119
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	(96,729)	(247,893)	3,056,048	32,194,596	(1,234)	-	-	34,904,788	(1,777)	34,903,011
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	18,845,971	(247,893)	3,056,048	32,194,596	(1,234)	-	-	53,847,488	3,642	53,851,130
Share-based payments	(108,080)	-	-	(6,000)	(57,532)	-	-	11,409	-	-	-	-	490,814	-	330,611	-	330,611
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,257	6,257
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	959,766	-	(959,766)	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,067)	-	-	-	-	-	-	(42,067)	-	(42,067)
BALANCE AT DECEMBER 31, 2023	\$ 168,345,806	\$ 15,821,424	\$ -	\$ (6,000)	\$ 33,588,602	\$ 15,613,641	\$ 48,976,557	\$ 19,775,079	\$ (1,364,704)	\$ (11,632,625)	\$ (25,848,289)	\$ 2,067	\$ (452,924)	\$ -	\$ 262,818,634	\$ 132,002	\$ 262,950,636

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 20,576,882	\$ 21,940,865
Adjustments for reconciliation with net profit		
Depreciation expenses	2,898,656	2,624,415
Amortization expenses	1,525,623	1,447,524
Reversal (allowance) for bad debts and losses on commitments and guarantees, net	361,310	(146,568)
Gain on financial assets and liabilities measured at fair value through profit or loss, net	(26,978,570)	141,412,636
Interest expense	23,521,096	9,424,129
Interest revenue	(96,812,671)	(80,244,713)
Dividend income	(16,439,488)	(15,251,805)
Net changes in insurance liabilities	(11,240,805)	93,770,868
Net changes in reserve for changes in foreign exchange valuation	(1,118,139)	7,535,803
Share-based payments	319,201	423,072
Share of loss (profit) of associates and joint ventures	(2,129,233)	155,519
Loss (gain) on reclassification using the overlay approach	33,440,550	(65,253,132)
Gain on disposal of property and equipment	(22,272)	(35,097)
Gain on disposal of investments	(867,877)	(920,508)
Impairment loss on financial assets	816,831	1,864,385
Others	(74,902)	(316,798)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	684,374	(3,061,543)
Financial assets at fair value through profit or loss	(17,506,183)	2,495,906
Financial assets at fair value through other comprehensive income	(29,972,238)	95,824,493
Debt investments measured at amortized cost	27,934,935	(273,731,429)
Securities purchased under resell agreements	(1,343,590)	(459,489)
Receivables	(43,588,032)	22,961,046
Discounts and loans	(3,167,583)	(20,205,512)
Other financial assets	(1,596,062)	(7,261,081)
Other assets	9,901,020	14,917,736
Deposits from the Central Bank and financial institutions	(4,945,116)	(8,851,118)
Financial liabilities at fair value through profit or loss	(62,415,386)	(30,945,428)
Notes and bonds issued under repurchase agreements	29,110,694	(700,915)
Payables	19,716,611	(14,916,650)
Deposits and remittances	292,699	46,141,562
Other financial liabilities	(6,237,320)	29,029,482
Other liabilities	25,131,588	(26,179,225)
Cash used in operations	<u>(130,223,397)</u>	<u>(56,511,570)</u>
Interest received	80,505,383	64,146,234
Dividends received	16,217,095	15,351,124
Interest paid	(24,675,924)	(7,267,371)
Income tax paid	<u>(1,539,593)</u>	<u>(5,765,448)</u>
Net cash (used in) generated from operating activities	<u>(59,716,436)</u>	<u>9,952,969</u>

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets measured at amortized cost	\$ (869,280)	\$ (535,211)
Acquisition of financial assets at fair value through profit or loss	(353,946)	(1,880,809)
Disposal of financial assets at fair value through profit or loss	551,074	195,532
Acquisition of investments accounted for using equity method	(2,973,782)	(632,832)
Proceeds from capital reduction of investments accounted for using the equity method	470,865	483,432
Acquisition of property and equipment	(1,110,154)	(1,730,261)
Proceeds from disposal of property and equipment	134,336	183,188
Acquisition of investment properties	(145,738)	(23,668,779)
Proceeds from disposal of investment properties	494,162	669,848
Others	<u>(264,727)</u>	<u>326,706</u>
Net cash used in investing activities	<u>(4,067,190)</u>	<u>(26,589,186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	5,468,559	(221,740)
Decrease in funds from the central bank and banks	-	(129,490)
Increase in commercial paper payable	4,681,303	3,564,237
Proceeds from corporate bonds	10,300,445	-
Repayments of corporate bonds	-	(310,000)
Proceeds from long-term borrowings	600,086	1,699,998
Repayments of long-term borrowings	(5,299,852)	(360,117)
Repayments of the principal portion of lease liabilities	(919,422)	(879,663)
Cash dividends paid	-	(16,851,631)
Acquisition of ownership interests in subsidiaries	-	(208,387)
Net changes in non-controlling interests	6,257	(20,338)
Others	<u>19,724</u>	<u>413</u>
Net cash generated from (used in) financing activities	<u>14,857,100</u>	<u>(13,716,718)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>284,558</u>	<u>450,474</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,641,968)	(29,902,461)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>200,161,850</u>	<u>230,064,311</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 151,519,882</u>	<u>\$ 200,161,850</u>

(Continued)

**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents in consolidated balance sheets	\$ 72,864,773	\$ 132,489,379
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	12,331,755	36,416,453
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>66,323,354</u>	<u>31,256,018</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 151,519,882</u>	<u>\$ 200,161,850</u>

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2023	2022
Cash and cash equivalents	\$ 2,002,156	\$ 4,081,769
Receivables, net	228,464	249,151
Current tax assets	4,173,995	3,791,497
Investments accounted for using the equity method, net	319,738,518	266,062,665
Other financial assets	300	300
Right-of-use assets, net	791,777	862,301
Property and equipment, net	276,339	285,578
Other assets, net	<u>151,899</u>	<u>113,945</u>
Total	<u>\$ 327,363,448</u>	<u>\$ 275,447,206</u>
Liabilities and Equity		
<u>Liabilities</u>		
Commercial paper payable, net	\$ 9,899,637	\$ 7,899,888
Payables	1,892,539	1,802,426
Current tax liabilities	3,400,058	2,867,858
Bonds payable	48,000,000	48,000,000
Other borrowings	500,000	5,299,852
Provisions	-	74
Lease liabilities	851,987	912,855
Other liabilities	<u>593</u>	<u>980</u>
Total liabilities	<u>64,544,814</u>	<u>66,783,933</u>
<u>Equity</u>		
Capital		
Common stock	168,345,806	168,453,886
Preferred stock	15,821,424	15,821,424
Share capital awaiting retirement	(6,000)	-
Capital surplus	33,588,602	33,626,805
Retained earnings		
Legal reserve	15,613,641	13,703,864
Special reserve	48,976,557	410,006
Unappropriated earnings	19,775,079	50,476,328
Other equity	<u>(39,296,475)</u>	<u>(73,829,040)</u>
Total equity	<u>262,818,634</u>	<u>208,663,273</u>
Total	<u>\$ 327,363,448</u>	<u>\$ 275,447,206</u>

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	2022
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	\$ 21,605,758	\$ 19,810,740
Others	<u>39,984</u>	<u>245,906</u>
Total revenues	<u>21,645,742</u>	<u>20,056,646</u>
EXPENSES AND LOSSES		
Operating expenses	(1,886,472)	(1,922,503)
Others	<u>(689,570)</u>	<u>(670,708)</u>
Total expenses and losses	<u>(2,576,042)</u>	<u>(2,593,211)</u>
NET PROFIT BEFORE INCOME TAX	19,069,700	17,463,435
INCOME TAX EXPENSE	<u>(127,000)</u>	<u>(1,097,806)</u>
NET PROFIT FOR THE YEAR	<u>18,942,700</u>	<u>16,365,629</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Remeasurement of defined benefit plans	(72)	36,292
Share of the other comprehensive income of subsidiaries, associates and joint ventures	(972,498)	(11,105,054)
Income tax relating to the items that will not be reclassified subsequently to profit or loss	665,625	461,863
Items that will be reclassified subsequently to profit or loss, net of income tax		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	36,575,343	(76,674,920)
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>(1,363,610)</u>	<u>3,215,829</u>
Other comprehensive income (loss) for the year, net of income tax	<u>34,904,788</u>	<u>(84,065,990)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 53,847,488</u>	<u>\$ (67,700,361)</u>
BASIC EARNINGS PER SHARE	<u>\$1.13</u>	<u>\$0.98</u>
DILUTED EARNINGS PER SHARE	<u>\$1.13</u>	<u>\$0.98</u>

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Equity Attributable to Owners of the Parent														
	Capital				Retained Earnings			Other Equity							
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income Reclassified Using the Overlay Approach	Equity on Hedging Instruments	Others	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 171,896,598	\$ 18,930,436	\$ 31,175	\$ -	\$ 36,147,480	\$ 10,035,815	\$ 298,120	\$ 52,021,923	\$ (5,126,549)	\$ 13,669,003	\$ 5,406,323	\$ -	\$ (1,458,485)	\$ (9,071,501)	\$ 292,780,338
Appropriation of the 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	123,680	(123,680)	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	-	(16,848,554)	-	-	-	-	-	-	(16,848,554)
Cash dividends - preferred stock	-	-	-	-	-	-	-	(3,077)	-	-	-	-	-	-	(3,077)
	-	-	-	-	-	3,668,049	123,680	(20,643,360)	-	-	-	-	-	-	(16,851,631)
Special reserve reversed	-	-	-	-	-	-	(11,794)	11,794	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	54,623	-	-	-	-	-	-	-	-	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	16,365,629	-	-	-	-	-	-	16,365,629
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	418,390	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(84,065,990)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	16,784,019	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(67,700,361)
Retirement of treasury shares	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	-	9,071,501	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	4,978	-	-	-	-	1,132	-	-	-	-	6,110
Share-based payments	(35,575)	-	(31,175)	-	(24,924)	-	-	1,855	-	-	-	-	514,747	-	424,928
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,350,831	-	(2,350,831)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(50,734)	-	-	-	-	-	-	(50,734)
BALANCE AT DECEMBER 31, 2022	168,453,886	15,821,424	-	-	33,626,805	13,703,864	410,006	50,476,328	(1,116,811)	(13,728,907)	(58,042,885)	3,301	(943,738)	-	208,663,273
Appropriation of the 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	1,909,777	-	(1,909,777)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	48,566,551	(48,566,551)	-	-	-	-	-	-	-
	-	-	-	-	-	1,909,777	48,566,551	(50,476,328)	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	19,329	-	-	-	-	-	-	-	-	-	19,329
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	18,942,700	-	-	-	-	-	-	18,942,700
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	(96,729)	(247,893)	3,056,048	32,194,596	(1,234)	-	-	34,904,788
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	18,845,971	(247,893)	3,056,048	32,194,596	(1,234)	-	-	53,847,488
Share-based payments	(108,080)	-	-	(6,000)	(57,532)	-	-	11,409	-	-	-	-	490,814	-	330,611
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	959,766	-	(959,766)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,067)	-	-	-	-	-	-	(42,067)
BALANCE AT DECEMBER 31, 2023	\$ 168,345,806	\$ 15,821,424	\$ -	\$ (6,000)	\$ 33,588,602	\$ 15,613,641	\$ 48,976,557	\$ 19,775,079	\$ (1,364,704)	\$ (11,632,625)	\$ (25,848,289)	\$ 2,067	\$ (452,924)	\$ -	\$ 262,818,634

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 19,069,700	\$ 17,463,435
Adjustments for:		
Depreciation and amortization expenses	130,640	120,265
Interest expense	678,344	635,141
Interest income	(30,535)	(44,355)
Share-based payment compensation cost	50,354	85,489
Share of loss of subsidiaries, associates and joint ventures	(21,379,758)	(19,560,510)
Changes in operating assets and liabilities		
Receivables	229,781	1,573,564
Other assets	(2,300)	(393)
Payables	84,487	(487,440)
Other liabilities	(532)	5,105
Interest paid	(678,083)	(638,826)
Interest received	30,603	42,568
Dividend received	2,854,875	22,543,359
Income tax paid	<u>(186,459)</u>	<u>(1,192,952)</u>
Net cash generated from operating activities	<u>851,117</u>	<u>20,544,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	-	4,897,759
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	-	735,698
Acquisition of property and equipment	(34,421)	(101,793)
Others	<u>(43,988)</u>	<u>(42,716)</u>
Net cash (used in) generated from investing activities	<u>(78,409)</u>	<u>5,488,948</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	1,999,749	(7,899,171)
Increase (decrease) in other borrowings	(4,799,852)	1,399,998
Cash dividend paid	-	(16,851,631)
Others	<u>(52,218)</u>	<u>(81,619)</u>
Net cash used in financing activities	<u>(2,852,321)</u>	<u>(23,432,423)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,079,613)	2,600,975
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,081,769</u>	<u>1,480,794</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,002,156</u>	<u>\$ 4,081,769</u>

Agenda 2: Audit Committee's 2023 review report

Explanation:

1. The Audit Committee's 2023 review report is attached hereto as Appendix 4.
2. The details of discussions amongst the Audit Committee, the chief internal auditor and CPAs made available on the Company's website (<https://www.cdfholding.com/zh-tw/esg/governance>).

Appendix 4

China Development Financial Holding Corporation

Audit Committee's Review Report

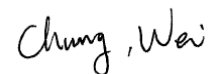
The Board of Directors has prepared this Company's 2023 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by CPAs Yi-Chun Wu and Jr-Shian Ke of Deloitte who have submitted an audit report. The above statements and reports have been examined by the Audit Committee and no irregularities were found. We hereby report as above, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2024 Annual General Shareholders Meeting of this company

Audit Committee

Convener Wei Chung



Date: April 26, 2024

Agenda 3: 2023 distribution plan for employees' compensation and directors' remuneration

Explanation:

1. According to Article 33 of the Company's "Articles of Incorporation", it is proposed to set aside employees' compensation and directors' remuneration at the rates no less than 1% and no higher than 1%, respectively, of pretax profit before deducting employees' compensation and directors' remuneration. However, if the Company still has accumulated losses from previous years, it shall first set aside reserve to offset such losses. The Company's 2023 pretax profit before deducting employees' compensation and directors' remuneration is NT\$19,458,700,019. As a result, it is proposed to issue NT\$195,000,000 and NT\$194,000,000 in cash, respectively, as employees' compensation and directors' remuneration.
2. This proposal has been approved by the 21st meeting of the 5th term Compensation Committee held on March 25, 2024 and the 33rd meeting of the 8th term Board of Directors held on March 25, 2024.

B. Matters for Recognition

Agenda 1: 2023 business report and financial statements

Explanation:

The Company's 2023 business report, independent auditors' report and financial statements are attached hereto as Appendices 1 to 3.

Agenda 2: 2023 earnings distribution plan

Explanation:

1. The Company's net income for fiscal year 2023 was NT\$18,942,700,019. With the adjustment for share-based payment of NT\$11,408,885 and disposal gains of investments in equity instruments measured at fair value through other comprehensive income of NT\$959,765,743, and deducting actuarial losses arising from defined benefit plans of NT\$96,729,010 and disposal losses of participating policies measured as equity instruments at fair value through other comprehensive income and transferred into special reserve of NT\$42,066,894, in addition to appropriating 10% as the legal reserve in the amount of NT\$1,977,507,874. With a reversal of special reserve of NT\$9,855,898,437 appropriated in accordance with Article 41 of the "Securities and Exchange Act", the Company's distributable earnings for fiscal year 2023 are NT\$27,653,469,306.
2. The distributable earnings of 2023 are proposed to be distributed as follows:
 - (1) The Company shall distribute preferred share B cash dividends of NT\$561,660,543 (a dividend rate of 3.55% per annum).
 - (2) It is proposed to distribute common share cash dividends totaling NT\$8,414,812,816 at NT\$0.5 per share. Based on the calculated number of outstanding shares as of April 26, 2024, which is deducted unvested restricted stocks.
 - (3) The common share and preferred share cash dividends shall be allocated to individual shareholders by rounding down to the nearest NT\$1 (decimals are not taken into account), and the sum of all fractional dividends less than NT\$1 shall be recognized as other income of the Company.
3. Upon resolution of the Annual General Shareholders Meeting, it is proposed that the Chairman be authorized to set the record date for distributing the cash dividend and preferred share dividend.
4. In the event of share repurchasing, issuing or redeeming restricted stock for employees, or exercising of employees' stock options, etc., which causes changes to the number of outstanding shares, the Chairman will be authorized to determine the actual rate of cash dividend distribution based on the total cash dividends recognized by Annual General Shareholders Meeting and the number of outstanding shares as of the ex-dividend date.

5. The 2023 earnings distribution plan is attached hereto as Appendix 5.

Resolution:

Appendix 5

China Development Financial Holding Corporation
2023 Earnings Distribution Plan

Unit : NT\$

Items	Amount
Unappropriated earnings at beginning	0
Less: Actuarial losses arising from defined benefit plans	(96,729,010)
Add: Adjustment for share-based payment	11,408,885
Add: Disposal gains of investments in equity instruments measured at fair value through other comprehensive income	959,765,743
Less: Disposal losses of participating policies measured as equity instruments at fair value through other comprehensive income and transferred into special reserve	(42,066,894)
Add: Net income	18,942,700,019
Less: Legal reserve	(1,977,507,874)
Add: Reversal of special reserve	9,855,898,437
Earnings available for distribution	27,653,469,306
Distribution items:	
Dividends for preferred shares (<i>Note 1</i>)	561,660,543
Dividends for common shares (0.5 cash dividends per share) (<i>Note 2</i>)	8,414,812,816
Unappropriated earnings balance	18,676,995,947

Note :

1. *The total number of the Company's issued and outstanding preferred shares B is 1,582,142,374. The Company will distribute preferred share B dividends totaling NT\$561,660,543, calculated at a subscription price of NT\$10 per share and a dividend rate of 3.55% per annum.*
2. *In the event of share repurchase, issuance or redeeming of new restricted stock award shares to employees, or exercise of employees' stock options, etc., which causes changes to the number of outstanding shares, the Chairman shall be authorized to determine the actual rate of cash dividend distribution based on the total cash dividends recognized by Annual General Shareholders Meeting and the number of outstanding shares as of the ex-dividend date.*

Chairman

Chief Executive Officer

Chief Accounting Officer

C. Matters for Discussion

Proposal 1: Amendment to the “Articles of Incorporation”

Explanation:

1. In order to enhance the overall recognition of the group's brand, the Company's Chinese and English names are changed; therefore, the Articles of Incorporation are amended accordingly.
2. The key points of the amendment are summarized as follows:
 - (1) Change the Company's Chinese and English names to create a strong recognizable brand identity across the overall structure. (Name of Regulation and Article 2)
 - (2) Slightly modify the format and text. (Article 6 and Article 29)
 - (3) Add the date and times of amendment. (Article 35)
3. The proposal have been submitted for approved at the 26th meeting of the 5th-term Audit Committee and the 35th meeting of the 8th-term Board of Directors convened on April 26, 2024.
4. The comparison table of the articles before and after the amendment to the “Articles of Incorporation”, and the consolidated draft “Articles of Incorporation” are attached hereto as Appendix 6 and Appendix 7, respectively.

Appendix 6

**Comparison Table of the Articles before and after
Amendment to the “Articles of Incorporation”**

Amendment name	Current name	Explanation
<u>KGI Financial Holding Co. Ltd.</u> Articles of Incorporation	China—Development Financial Holding Corporation Articles of Incorporation	Amend the name of the regulation in accordance with the Company’s name change.

Amendment	Current	Explanation
Article 2 The Company bears the name of 凱基金融控股股份有限公司 in Chinese, and <u>KGI Financial Holding Co., Ltd.</u> in English.	Article 2 The Company bears the name of 中華開發金融控股股份有限公司 in Chinese, and China—Development Financial Holding Corporation in English.	Change the Company's Chinese and English names to create a strong recognizable brand identity across the group.
Article 6 (No changes in English translation)	Article 6 (No changes in English translation)	Slightly modify the punctuation marks in the Chinese provision.
Article 29 (No changes in English translation)	Article 29 (No changes in English translation)	Delete a redundant word in the Chinese provision.
Article 35 These Articles of Incorporation were adopted on June 20, 2001. The First amendment was made on June 26, 2002. (Omitted) The Nineteenth amendment was made on June 17, 2023. <u>The Twentieth amendment was made on June 14, 2024.</u> For matters not provided herein, the shareholders meeting shall resolve to amend this Articles of Incorporation. This Articles of Incorporation shall be implemented as from the date of promulgation after approval	Article 35 These Articles of Incorporation were adopted on June 20, 2001. The First amendment was made on June 26, 2002. (Omitted) The Nineteenth amendment was made on June 17, 2023. For matters not provided herein, the shareholders meeting shall resolve to amend this Articles of Incorporation. This Articles of Incorporation shall be implemented as from the date of promulgation after approval	Add the date and times of amendment.

by the shareholders meeting, and the same procedures shall apply to amendments.	by the shareholders meeting, and the same procedures shall apply to amendments.	
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Appendix 7

KGI Financial Holding Co., Ltd. Articles of Incorporation (Consolidated Draft)

Section 1 General Principles

- Article 1 This Company is organized in accordance with the “Financial Holding Company Act” and the “Company Act” with the approval of the government for the purpose of enhancing economies of scale and operation synergies.
- Article 2 The Company bears the name of 凱基金融控股股份有限公司 in Chinese, and KGI Financial Holding Co., Ltd. in English.
- Article 3 The headquarters of the Company is located in Taipei.
- Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section 2 Business

- Article 5 The Company is engaged in financial holding company business (Code H801011).
- Article 6 The scope of the Company’s business is as follows:
1. The Company may apply for the competent authority’s approval to invest in the following enterprises:
 - A. Financial holding companies;
 - B. Banking enterprises;
 - C. Bills finance enterprises;
 - D. Credit card businesses;
 - E. Trust enterprises;
 - F. Insurance enterprises;
 - G. Securities enterprises;
 - H. Futures enterprises;
 - I. Venture capital enterprises;
 - J. Foreign financial institutions which have been approved for investment by the competent authority; and
 - K. Other enterprises for which the competent authorities determine to be financial related business.
 2. Management of the above enterprises;
 3. The Company may apply for the competent authority’s approval to invest in other enterprises out of the scope of Article 6(1); however, the Company is not allowed to engage in managing such enterprise.
 4. Other businesses approved by the competent authority.

Article 6-1 The Company specializes in investment, and therefore, the Company's total investment amount may exceed 40% of the Company's paid-in capital as stipulated in Article 13 of the "Company Act".

Article 6-2 Delegations of responsibilities among the Company and its subsidiaries will be stipulated in the Company's internal rules.

Section 3 Shares

Article 7 The authorized capital of the Company is NT\$250,000,000,000, which is divided into 25,000,000,000 shares, with a par value of NT\$10 per share, and may be issued in installments with the authorization of the Board of Directors, and a portion of these shares may be in the form of preferred shares.

Within the authorized capital stated above, NT\$5,000,000,000, divided into 500,000,000 shares with a par value of NT\$10 per share, may be issued in installments with the authorization of the Board of Directors and shall be reserved for issuance of warrants.

When the exercise price of employee stock warrants is lower than the closing price of the Company as of the issuance date, or the transferring price of treasury stocks to the employees is lower than the average buy-back price, the resolution should be adopted by a majority of the shareholders present who represent two-thirds or more of the total number of the outstanding shares.

Eligible recipients, assignees and purchasers of employee stock warrants issued by the Company, share buybacks, and new restricted employee stocks may include employees of parents or subsidiaries of the Company pursuant to certain requirements stipulated by the Board of Directors.

Article 7-1 The Company may issue new restricted employee stocks pursuant to Article 267 of the "Company Act".

The qualified employees of restricted employee stocks specified in the preceding paragraph may include the employees of subsidiaries of the Company as specified in the terms and conditions thereupon.

Article 7-2 The rights and obligations of the Company's preferred shares and other important issuance terms are as follows:

1. Where the Company made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve, setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit shall be used as the basis for the distribution of dividends to preferred shareholders.
2. The dividend rate of preferred shares is capped at 8% per annum on the issue price. Dividends will be distributed in cash annually. Once the Company's audited financial reports have been acknowledged in an annual general shareholders meeting, the Board of Directors shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall

be calculated based on the actual number of days the preferred shares remain outstanding in that year.

3. The Company has sole discretion on the distribution of preferred share dividends. If, after annual audited accounts are prepared, there is no earnings or insufficient earnings for distributing preferred share dividends, or if such distribution will cause the Company's capital adequacy ratio to fall below the minimum requirement stipulated by the law or the competent authorities, or due to any other concern, the Company may resolve not to distribute the preferred share dividends, in which case preferred shareholders shall not raise any objection. If the preferred shares issued are specified as non-cumulative, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative or become payable in subsequent profitable years.
4. If the preferred shares are specified as non-participating, except for the dividends stipulated in the 2nd subparagraph of this paragraph, the preferred shareholders are not entitled to participate in the distribution of cash or stock dividends with regard of the common shares derived from earnings or capital reserves.
5. The Company's remaining asset shall be first distributed to the preferred shareholders, among whom shall be distributed equally regardless of types of preferred shares, prior to common shareholders. Also the distribution amount is capped at the issue amount of preferred shares.
6. Preferred shareholders have no voting and election rights in the general shareholders meeting, but are eligible to be elected as directors, and they can vote in the preferred shareholders meeting or matters related to the preferred shareholders' rights and obligations in the general shareholders meeting.
7. Convertible preferred shares issued by the Company shall not be converted within one year after the date of issuance. The Board of Directors is authorized to set the conversion period in the actual issuance terms. Convertible shareholders may, pursuant to the issuance terms, apply for conversion of their preferred shares, in whole or in part, to common shares pursuant to the conversion ratio (i.e. 1:1) set out in the issuance terms. After conversion, the converted shares shall have the same rights and obligations as common shares. Dividend distribution at the year of conversion shall be calculated based on the ratio between the actual issuance days and total days of the conversion year, provided, however, that when said shares are converted prior to the ex-dividend date of any given year, the shareholders may not be entitled to the preferred share dividend distribution of that year and the year afterwards, but such shareholders may be entitled to the distribution of profit and capital reserve to common shareholders.
8. If the Company issues perpetual preferred shares, such preferred shareholders have no right to request the Company to redeem such shares. In addition, the Company may set redemption date at a date no earlier than the day following the seventh anniversary of the issuance date. When redeeming the preferred shares, either in whole or in part, the Company shall redeem such preferred shares at the price the same as the issue price, and the rights and obligations of the preferred shares, which have not been redeemed yet, shall remain the same. If the Company resolves to issue dividends, the dividends to be received upon the redemption date shall be calculated according the actual issuance days of said year.

9. If the Company issues non-perpetual preferred shares, the issuance period shall not be shorter than seven years, and preferred shareholders have no right to request the Company to redeem such shares. Upon expiry date of the issuance period or from the day following the seventh anniversary of the issuance date, the Company may, pursuant to the issuance price and relevant issuance terms, redeem such shares in cash, or redeem such shares in other manners permissible by law. If at the time when the Company 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 Company.

The Board of Directors is authorized to determine the name, issuance date and terms of the preferred shares in accordance with prevailing market conditions and investors' expectation, in accordance with the Articles of Incorporation and applicable laws and regulations.

Article 8 The shares of the Company are in the form of registered shares, and shall be issued in accordance with the "Company Act" and other relevant laws and regulations. The shares issued by the Company may be exempt from printing share certificates. However, a centralized securities-depository enterprise shall be engaged to register the shares issued.

Article 9 Shareholders shall have their names or titles, residence addresses, seals or signature samples, and any amendments thereto recorded by the Company. Shareholders shall collect the dividends from the Company or exercise other rights in accordance with the "Regulations Governing Handling of Stock Affairs by Public Companies".

Article 10 Share transfer is suspended during sixty days immediately preceding to annual general shareholders meetings, thirty days immediately preceding to extraordinary shareholders meetings, five days period immediately preceding to the record day for distributing dividends or other interests determined by the Company.

Article 11 The share related matters shall be handled in accordance with the regulations prescribed by the competent authority.

Section 4 Shareholders meetings

Article 12 Shareholders meetings shall be one of two types:

1. Annual general shareholders meetings shall be convened by the Board of Directors once a year, within six months from the end of each fiscal year. Shareholders shall be notified thirty days prior to an annual general shareholders meeting.
2. Extraordinary shareholders meetings shall be convened by the Board of Directors when necessary, unless otherwise provided in the "Company Act". Shareholders shall be notified fifteen days prior to an extraordinary shareholders meeting.

Preferred shareholders meetings shall be convened when necessary in accordance with applicable laws and regulations.

Article 12-1 Shareholders meetings can be held by means of visual communication network or other methods promulgated by the competent authority.

Article 13 Unless otherwise provided by relevant laws and regulations or the Articles of Incorporation, resolutions at a shareholders meeting shall be adopted by a majority vote of the shareholders present who represent more than one-half of the shareholders. Each shareholder shall be entitled to one vote on each share of stock held by him or her.

Article 14 When a shareholder cannot attend the shareholders meeting, he or she may appoint a proxy to attend on his or her behalf through the execution of a power of attorney stating therein the scope of power authorized to the proxy. 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 or her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

Article 14-1 The Chairman shall chair the shareholders meeting. In case the Chairman is on leave or otherwise unable to perform his or her duties, the Vice Chairman shall act on his or her behalf. In case the Vice Chairman is also on leave or unable to perform his or her duties, the Chairman shall appoint one managing director to act on his or her behalf, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such designation, the managing directors or the directors shall elect one from among themselves to act on behalf of the Chairman. Shareholders meetings shall be handled in accordance with "Rules of Procedure for Shareholders Meetings" of the Company.

Article 15 A judicial shareholder may have more than one representative; however, the voting is calculated based on such shareholder's shareholding. Two or more representatives of a judicial shareholder shall jointly cast their votes.

Section 5 Directors and Board of Directors

Article 16 The Company shall have 7 to 11 directors to constitute the Board of Directors elected by shareholders meetings.
The Company adopts a "candidate nomination system" for the election of its directors, and shareholders elect directors from among the nominees listed in the roster of director candidates.
The Company may purchase liability insurance for its directors to insure them against the liabilities due to carrying out their respective duties during the term of office.

Article 16-1 Among the Company's directors, there shall be at least 3 independent directors, and the number of independent directors shall be no less than 1/5 of director seats. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.
The professional qualifications, restrictions on shareholding and concurrent post, determination of independence, nomination and election processes, exercise of

authority and other requirements regarding independent directors shall be determined and handled in accordance with the Securities and Exchange Law and related laws and regulations.

- Article 17 The total shareholding of all the directors of the Company may not be less than the percentage prescribed by the competent authority.
- Article 18 Directors each shall have a term of office of three years and may be re-elected. In case the tenure of directors is due and no new directors have been elected, the term of existing directors may be extended until the newly elected directors take their office.
- Article 19 The Company may have 3 to 5 managing directors, and the number of managing directors may not exceed a third of the total seats of directors. Managing directors shall be elected among and by the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman and Vice Chairman of the Board of Directors shall be elected among and by the managing directors in the same manner. No less than one-fifth of the managing directors shall also be independent directors. In the case that the Company has no managing directors, the Chairman and Vice Chairman of the Board of Directors shall be elected among and by the directors by a majority vote at a meeting attended by over two-thirds of the directors.
- Article 20 The Chairman shall chair the shareholders meetings, the board meetings, and meetings of the managing directors, and shall represent the Company. In case the Chairman is on leave or otherwise unable to perform his or her duties, the Vice Chairman shall act on his or her behalf. In case there is no Vice Chairman or the Vice Chairman is also on leave or unable to perform his or her duties, the Chairman shall appoint one managing director to act on his or her behalf. In case the Company has no managing directors, the Chairman shall appoint a director to act on his or her behalf. In the absence of such designation, the managing directors, or directors shall elect one from among themselves to act on behalf of the Chairman.
- Article 21 Except as otherwise provided by laws and regulations, the board meeting shall be convened by the Chairman. In case of emergency, the board meeting may be convened anytime by the Chairman by written, facsimile notice or electronic transmission notice. Except as otherwise provided by laws and regulations, the board resolutions shall be adopted by a majority vote of the directors present who represent more than one-half of the directors. When the board meeting is convened, the directors shall attend in person. Where a director cannot attend the meeting, he or she may appoint a proxy to attend on his or her behalf through the execution of a power of attorney stating therein the scope of power authorized to the proxy. A proxy may only represent one director. When the board meeting is convened through a video conference, directors who participate though the video conference are deemed as having attended in person.
- Article 22 Duties of the Board of Directors are as follows:
1. To review and approve the business guideline and plans of the Company;
 2. To review and approve budget and final accounting of revenue and expenditure.
 3. To review and approve the organization rules of the Company;

4. To review and approve important internal rules of the Company;
5. To consider the proposal regarding the increase or decrease of the Company's capital and the issuance of shares;
6. To consider earnings distribution plans;
7. To review and adopt the proposal regarding the issuance of corporate bonds;
8. To review and adopt the proposal regarding treasury stock buyback;
9. To appoint and discharge an attesting CPA, or the compensation given thereto;
10. To appoint and discharge a financial, accounting, internal auditing officer and managers;
11. To review and approve the disposal or acquisition of material assets;
12. To determine the date for convening annual general and extraordinary shareholders' meetings;
13. To appoint directors and supervisors of subsidiaries; and
14. To perform other duties prescribed by the laws and regulations or conferred by the shareholders meetings.

Article 23 During the adjournment of board meetings, the managing directors shall perform the duties and responsibilities of directors through meetings convened by the Chairman from time to time on the condition that the Company has managing directors. A resolution of the managing directors meeting shall be adopted by a majority of the managing directors who attend the meeting and represent more than the one-half of the managing directors.

Article 24 The Company shall set up an Audit Committee, composed of all the independent directors. The number of persons in the Audit Committee shall not be less than three. One shall be the convener, and at least one shall have accounting or financial expertise.
The exercise of authority and other requirements regarding Audit Committee shall be determined and handled in accordance with the relevant laws and regulations and the Company's internal rules.

Article 25 (Deleted)

Article 26 The Company may establish various functional committees pursuant to organization rules and internal rules approved by the Board of Directors according to relevant laws and regulations.

Article 27 Directors of the Company may act as directors or supervisors of its subsidiaries.

Article 28 Board of directors is authorized to determine the remuneration of directors in accordance with their involvement and contribution to the Company's operation by taking into account of the Company's performance and the market level.

Section 6 Managers

Article 29 The Company shall have one president. The president shall be nominated by the Chairman and appointed via a resolution adopted by majority of the directors. The

same procedure shall be applied to the discharge of the president. The president shall oversee the entire business of the Company in accordance with the resolutions adopted by the Board of Directors. If the president is unable to perform his or her duty due to leave or other reasons, the Chairman may appoint one of the Company's vice presidents to act on his or her behalf, or the Chairman may perform relevant duties temporarily upon the approval of the regulatory authorities.

Article 30 The Company could have one or more managers and the appointment and discharge of the managers should follow relevant laws and regulations as well as the Company's internal rules.

Article 31 Except for the duties of the shareholders meeting and Board of Directors pursuant to the laws and regulations and conferred by the Articles of Incorporation of the Company, the managers of the Company have the rights to represent the Company for all actions necessary for the business in accordance with his or her duties, and the scope of managers' authority is determined in accordance with the Company's internal rules.

Section 7 Final Accounts and Earnings Distribution

Article 32 The fiscal year of the Company shall begin on the 1st of January and end on the 31st of December. After the end of each fiscal year, the Board of Directors shall prepare the following reports and records, and present the same to the annual general shareholders meeting for recognition according to required procedures:

1. Business report;
2. Financial report; and
3. Proposal for earnings distribution or loss make-up.

Article 33 If making any profit for a fiscal year, the Company shall set aside no less than 1% of the profit for employees' compensation and no more than 1% of the profit for directors' remuneration. However, if the Company still has cumulative losses from previous years, it shall first set aside reserve to offset such losses.

The afore-mentioned profits mean pretax profits before deducting employees' compensation and directors' remuneration.

The Board of Directors is authorized to stipulate distribution rules for employees' compensation for eligible employees of the Company and subsidiaries.

The Board of Directors shall determine remuneration as stipulated in the first paragraph given to directors according to each director's contribution.

Article 33-1 Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Company adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Company made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period can be used as

the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining can be subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the Board of Directors and resolved in the annual general shareholders meeting.

Section 8 Supplementary Regulations

Article 34 For matters not provided herein, relevant provisions of the “Financial Holding Company Act”, the “Company Act”, the “Banking Act”, the “Securities and Exchange Act”, and other related laws and regulations shall govern.

Article 35 These Articles of Incorporation were adopted on June 20, 2001.
The First amendment was made on June 26, 2002.
The Second amendment was made on June 27, 2003.
The Third amendment was made on April 5, 2004.
The Fourth amendment was made on June 10, 2005.
The Fifth amendment was made on June 30, 2006.
The Sixth amendment was made on June 15, 2007; Article 7, paragraph 3 was effective on January 1, 2008.
The Seventh amendment was made on June 13, 2008.
The Eighth amendment was made on June 19, 2009.
The Ninth amendment was made on June 18, 2010.
The Tenth amendment was made on June 24, 2011.
The Eleventh amendment was made on June 22, 2012.
The Twelfth amendment was made on June 20, 2014.
The Thirteenth amendment was made on May 16, 2016.
The Fourteenth amendment was made on June 16, 2017.
The Fifteenth amendment was made on June 14, 2019.
The Sixteenth amendment was made on June 12, 2020.
The Seventeenth amendment was made on October 1, 2021.
The Eighteenth amendment was made on June 17, 2022.
The Nineteenth amendment was made on June 17, 2023.
The Twentieth amendment was made on June 14, 2024.
For matters not provided herein, the shareholders meeting shall resolve to amend this Articles of Incorporation.
This Articles of Incorporation shall be implemented as from the date of promulgation after approval by the shareholders meeting, and the same procedures shall apply to amendments.

Proposal 2: The Company's plan to raise long-term capital

Explanation:

1. To fund working capital, improve financial structure, repay debt, and meet the Company's needs for business growth and long-term strategic development, we hereby propose to submit for resolution at the Shareholders' Meeting to authorize the Board of Directors to raise long-term funding at an appropriate timing in consideration of market conditions and future capital requirements and in accordance with the Company's Articles of Incorporation and relevant regulations. Fundraising may be done through one or a combination of the following measures: capital increase by offering common shares and/or preferred shares in Taiwan for cash consideration, issuance of common shares and/or preferred shares to sponsor the issuance of overseas depositary receipts, and issuance of common shares or preferred shares for cash through private placement.
2. In principle, the total number of shares authorized for issuance or private placement shall not exceed 2,500,000,000 shares.
3. It is proposed that the Shareholders' Meeting authorize the Board of Directors with full power to decide, adjust, and implement matters related to this capital raising plan, including underwriting methods, actual issue price, number of shares to be issued, issuance terms, project proposals to be achieved, capital raising size, schedules and anticipated benefits, as well as all other matters related to offerings and private placement. It is also proposed that the Shareholders' Meeting authorize the Chairman or his/her designated person(s) to approve and sign all documents related to this capital raising plan and handle all relevant matters on behalf of the Company.
4. Please refer to Appendix 8 for details on relevant methods of issuance or private placement and contents of the proposal.

Appendix 8

Long-Term Capital Raising Plan Including Offering and Private Placement

- I. Capital Increase for Cash Consideration in Taiwan:
 1. This round of capital increase for cash via offering of common shares or preferred shares will be conducted by either of Book-Building or Public Subscription, or both.
 2. In case of Book-Building:
 - 1) Except for 10% to 15% of new shares that shall be reserved for subscription by employees of the Company (including employees of its subsidiaries) in accordance with Article 267 of the Company Act, it is proposed that the remaining 85% to 90% of the new shares be publicly underwritten by way of Book-Building through a resolution of the Shareholders' Meeting pursuant to Article 28-1 of the Securities and Exchange Act. It is further proposed that the Chairman be authorized to allot the remaining shares for subscription by Designated Persons in the case where employees waive their rights to subscribe or any shares remain unsubscribed.
 - 2) Pursuant to Article 7 of the "Taiwan Securities Association Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies Offering and Issuing Securities" ("TSA Bylaws"), the issue price of common shares shall not be less than 90% of the simple arithmetic average of the closing prices of the common shares for either one, three or five business days prior to the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in consideration of overall market conditions.
 - 3) Pursuant to Article 12 of TSA Bylaws, the theoretical price of preferred shares shall be calculated using an appropriate model taking into account all rights set forth in issuance terms and the difference between the actual issue price and the theoretical price shall be less than 10%. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in consideration of overall market conditions.
 3. In case of public subscription:
 - 1) 10% to 15% of new shares shall be reserved for subscription by employees of the Company (including employees of its subsidiaries), 10% will be reserved for public offering, and the remaining 75% to 80% of the shares shall be allotted for subscription by existing shareholders in proportion to their respective shareholdings on the record date. It is further proposed that in the case the existing shareholders or employees waive their rights to subscribe or any shares remain unsubscribed, the Chairman be authorized to allot the remaining shares for subscription by Designated Persons.
 - 2) Pursuant to Article 6 of the TSA Bylaws, the issue price of common shares shall not be less than 70% of the simple arithmetic average of the closing prices of the common

shares for either one, three or five business days prior to the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in consideration of overall market conditions.

- 3) Pursuant to Article 12 of TSA Bylaws, the theoretical price of preferred shares shall be calculated using an appropriate model taking into account all rights set forth in issuance terms and the difference between the actual issue price and the theoretical price shall be less than 10%. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in consideration of overall market conditions.

II. Issuance of New Shares (Common Shares or Preferred Shares) to Sponsor the Issuance of Overseas Depository Receipts:

1. For issuance of new common or preferred shares in this round to sponsor the issuance of overseas depository receipts ("DR issuance"), 10% to 15% of the new shares shall be reserved for subscription by employees of the Company (including employees of its subsidiaries) in accordance with Article 267 of the Company Act and it is proposed that the remaining 85% to 90% of the new shares shall be offered to the public to sponsor the DR issuance through a resolution of the Shareholders' Meeting pursuant to Article 28-1 of the Securities and Exchange Act. It is further proposed that the Chairman be authorized to allot the remaining shares for subscription by Designated Persons or in consideration of market conditions to be the underlying shares of overseas deposit receipts in the case employees waive their rights to subscribe or any shares remain unsubscribed.
2. Pursuant to Article 9 of the TSA Bylaws, the issue price for common shares sponsoring the DR issuance may not be less than 80% of the simple arithmetic average of the closing prices of the common shares for either one, three or five business days prior to the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in consideration of overall market conditions.
3. Pursuant to Article 12 of TSA Bylaws, the theoretical price for preferred shares sponsoring the DR issuance shall be calculated using an appropriate model taking into account all rights set forth in issuance terms and the difference between the actual issue price and the theoretical price shall be less than 10%. It is proposed that the Board of Directors or the person to be authorized by the Board of Directors be authorized to negotiate with the lead underwriter and determine the actual issue price within the aforementioned price range and in light of overall market conditions.

III. Issuance of Common Shares or Preferred Shares for Cash Consideration Through a Private Placement

1. According to Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", the price of the

common shares subscribed through private placement shall be no less than 80% of the higher of the following reference prices:

- 1) The simple arithmetical average closing price of the common shares for either one, three or five business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - 2) The simple arithmetical average closing price of the common shares for the 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
2. The price of preferred shares to be subscribed through private placement shall not be lower than 80% of the theoretical price in accordance with relevant laws and regulations and the Company's Articles of Incorporation. The terms and conditions of such preferred shares are as follows:
- 1) If the Company has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled.
 - 2) The dividend rate is capped at 8%, per annum on the issue price per share. Cash dividend is paid annually at one time, and the Board of Directors will set the record date for the distribution of the preceding year's dividend once the financial report has been approved by shareholders at the annual shareholders meeting. The amount of dividends paid in the year of private placement and the amount of dividends received in the year of redemption are calculated based on the actual number of days the preferred shares are outstanding in that year.
 - 3) The Company has the discretion to distribute dividends on the preferred shares. If the Company has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Company's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Company may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not raise objections. If the preferred shares are non-cumulative, undistributed dividends or dividend shortfalls will not be accumulated and deferred in coming years.
 - 4) If the preferred shares are non-participative, preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares, except for the dividends set forth in subparagraph 2 above.
 - 5) The preferred shareholders shall have priority in the distribution of the residual assets of the Company over the common shareholders, and all preferred shareholders, irrespective of classes of shares, shall rank *pari passu*, provided that such distribution shall not exceed the respective issue amounts.
 - 6) The preferred shareholders shall not have voting and election rights in the general shareholders meeting, but are eligible to be elected as directors, and they can vote in the preferred shareholders meeting or matters related to the preferred

shareholders' rights and obligations in the general shareholders meeting.

- 7) Convertible preferred shares issued by the Company through private placement shall not be converted into common shares within one year from the delivery date of such convertible preferred shares. The Board of Directors is authorized to decide the period for the conversion in the term and conditions of the private placement. The convertible preferred shareholders are entitled to convert all or part of their preferred shares to common shares based on a conversion ratio of 1:1 according to the terms and conditions of the private placement. The common shares converted from the convertible preferred shares are entitled to the same rights and obligations with common shares. The distribution of the dividends in the year of the conversion shall be calculated based on the ratio between the actual issuance days and the total days of the conversion year, however, that when said shares are converted before the ex-dividend date of any given year, the shareholders shall not participate in the distribution of the dividends of preferred shares in that year and onward, but such shareholders are entitled to participate in the distribution of earnings and capital surplus to common shareholders.
 - 8) If the Company issues preferred shares through private placement, such preferred shareholders have no right to request the Company to redeem such preferred shares held by them. The Company may set redemption date at a date no earlier than the day following the 7th anniversary of the delivery date of such preferred shares. All or part of the preferred shares shall be redeemed by the Company at the price as same as the actual issue price and the rights and obligations of the un-redeemed preferred shares shall continue to be subject to the aforementioned terms of private placement. If the Company resolves to issue dividends, the dividends to be received upon the redemption date shall be calculated according to the actual issuance days of said year.
 - 9) If the preferred shares issued by the Company through private placement are not perpetual, the maturity date shall not be earlier than the 7th anniversary of the delivery date of such preferred shares. The preferred shareholders have no right to request the Company to redeem the preferred shares held by them. On the maturity date or from the day following the 7th anniversary of the delivery date of such preferred shares, the Company is entitled to redeem the preferred shares in cash or by other manners permitted by laws at issue price and in accordance with the terms and conditions of the private placement.

Where the Company is unable to redeem all or part of the preferred shares that have become mature due to force majeure or other circumstances beyond reasonable control, the terms and conditions of the private placement still apply to the un-redeemed preferred shares and their rights and obligations shall remain unchanged until they are redeemed by the Company.
 - 10) The Board of Directors is fully authorized to determine the name, delivery date and details of conditions of the preferred shares in accordance with laws and regulations, the Articles of Incorporation of the Company, market conditions and investors' willingness for the subscription.
3. The issue price of shares to be subscribed through this private placement is determined in accordance with relevant laws and regulations and refers to recent market prices. The terms and conditions of preferred shares to be subscribed through private placement is

determined in accordance with relevant laws and regulations and the Company's Articles of Incorporation. Therefore, the issue price of shares and the terms and conditions of preferred shares to be subscribed through private placement should be fair.

4. In accordance with Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", as the Company had a net profit after tax in its most recent year and no accumulated losses, this private placement is limited to the introduction of strategic investors. The method, objective, necessity and expected benefits of selection of placees are explained as follows:

- 1) Method and objective of placee selection:

In no event may a placee under private placement be an insider or a related party of the Company. As of this point, the Company has no confirmed placees. The placees must meet the eligibility requirements of Article 43-6 of the Securities and Exchange Act, and the Company will give priority to large-scale domestic or foreign institutions, in order to develop stable and long-term partnership with strategic investors and enhance the Company's market competitiveness through capital participation, business cooperation and experience exchange.

- 2) Necessity:

Taiwan's financial industry is highly competitive. It is necessary to introduce strategic investors with large asset scale and good profitability in order to expand the financial products, financial technology services and international financial services of the Company and its subsidiaries and enhance operating performance and market competitiveness.

- 3) Expected benefits:

In addition to strengthening capital structure, the funds from private placement are expected to enhance risk tolerance for business expansion. Additionally, through mutual cooperation, the Company and its subsidiaries will be able to expand operation scales and service scopes in Taiwan and abroad to enhance market competitiveness.

5. Rationale of private placement:

- 1) Reasons for not conducting a public offering:

Private placement allows strategic partners to acquire the Company's shares in one transaction, which will facilitate the Company's acquisition of the funds, skills, experience, and channels of the strategic partners. Given the securities acquired through private placement are not freely transferable for three years, long-term partnership between the Company and strategic investors is further ensured. Moreover, conducting a private placement can maintain stability of the Company's share price.

- 2) Issue amount of the private placement:

In principle, up to 2.5 billion shares.

- 3) Use of funds and expected benefits to be achieved:

The funds from the private placement are expected to be used for one or more of the following purposes: fund working capital, improve financial structure, repay debts, and meet the Company's needs for business growth and long-term strategic development. It is expected that the capital increase will strengthen the Company's competitiveness and enhance operational efficiency.

6. The securities of this private placement may not be sold for a period of three years from the delivery date, except for resale to those transferees in accordance with Article 43-8 of the Securities and Exchange Act. It is proposed that three years following the delivery date of the Company's shares through private placement, the Board of Directors be authorized to determine, in consideration of the-then situation and in accordance with the relevant regulations, whether or not to obtain a consent letter from the Taiwan Stock Exchange Corporation, to apply to the Financial Supervisory Commission of Taiwan for post registration of public issuance, and to apply for listing of such shares.

IV. Impact on Shareholders' rights and interests

It is proposed that, subject to a total of 2,500,000,000 shares, the Shareholders' Meeting authorize the Board of Directors to issue common and preferred shares for cash through offering, private placement, or using the shares issued as underlying shares to sponsor DR issuance. Shareholders' equity would be diluted, assuming 2,500,000,000 shares, which is approximately 13.6% of the current outstanding shares of the Company, are all issued. However, the capital increase can enhance the Company's competitiveness, which should be able to result in positive effects on the shareholders' rights and interests.

- V. The long-term capital raising plan is expected to achieve one or a combination of the following objectives: fund working capital, improve financial structure, repay debts, and meet the Company's needs for business growth and long-term strategic development. The implementation of this plan is expected to strengthen the competitiveness of the Company and enhance operating efficiency.
- VI. It is proposed that the Shareholders' Meeting authorize the Board of Directors with full power to decide, adjust, and implement matters related to this capital raising plan, including underwriting methods, actual issue or private placement price, number of shares to be issued, issuance or private placement terms, project proposals to be achieved, capital raising size, schedules and anticipated benefits, as well as all other matters related to offerings and private placement. It is also proposed that the Shareholders' Meeting authorize the Chairman or his/her designated person(s) to approve and sign all documents related to this capital raising plan and handle all relevant matters on behalf of the Company.
- VII. The Board of Directors and/or the Chairman is fully authorized to handle any matters not fully provided for above in accordance with laws and regulations.

Proposal 3: Approval of the proposal for release of non-compete restriction on the directors of the board

Explanation:

1. Pursuant to Paragraph 1, Article 209 of the Company Act, a director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. The directors (including juristic persons and their representatives) of the 8th-term Board of Directors may concurrently hold positions in other companies and engage in activities that coincide with the scope of the Company's business or with similar nature. The 2022 and 2023 AGMs have approved the proposals to release them from non-compete restrictions, and the details are summarized in the Appendix 9.
3. Since there have been changes in the concurrent positions of the directors after the 2023 AGM, the newly added positions are listed in the following table. To the extent not in conflict with the interest of the Company, it is proposed to release the directors from non-compete restrictions as set forth below:

Director	Company Name / Position Title
Paul Yang	Sorin Investment Fund / Non-Paid Consultant

4. The proposal has been approved by the 35th meeting of the 8th-term Board of Directors on April 26, 2024 for further discussion at the AGM.

Resolution:

Appendix 9

China Development Financial Holding Corporation
Release of Non-Compete Restrictions on the Directors of the 8th-term Board
Approved by AGMs in 2022 and 2023

Director	Company / Position
Lionel de Saint-Exupéry	<ol style="list-style-type: none"> 1. World Fitness Asia Limited / Director 2. World Fitness Services Ltd./ Director 3. Eighteen48 Asset Management Limited / Director 4. BTQ A.G. / Advisor
Stefano Paolo Bertamini	Al Rajhi Bank, KSA / Director 【Resigned】
Hung Yi Hsiao	<ol style="list-style-type: none"> 1. China Electric Manufacturing Corporation / Chairman 【Resigned】 2. Chungghwa Telecom Co., Ltd. / Director 【Resigned】 3. Taiwan CyberSecurity Foundry Company / Director
Paul Yang	<ol style="list-style-type: none"> 1. KKR Asia Limited / Partner & Head of Greater China; Advisor 【Resigned】 2. SUISHOU Technology Holding Inc./ Director 【Resigned】 3. Kareway Health Investment Group / Legal Representative & Executive Director 【Resigned】 4. Beijing Capital Juda Limited / Non-executive Director 【Resigned】 5. Carlton Holdings (Cayman) Limited / Director 6. Asian Equity Limited / Director 7. DHC One Dalton (HK) Limited / Director 8. Blue Light (HK) Trading Co., Limited / Director 【Resigned】 9. Sercomm Corporation / Independent Director
Tyzz-Jiun Duh	<ol style="list-style-type: none"> 1. USI Corporation / Independent Director 2. Macronix International Co., Ltd. / Independent Director 3. Shinfox Energy Co. Ltd. / Director 【Resigned】 4. Walsin Lihwa Corporation / Independent Director
Shih-Chieh Chang	POU CHEN CORPORATION / Independent Director
Wei Chung	HI SHARP ELECTRONICS CO., LTD. / Independent Director

Approved by AGMs on June 17, 2022 and June 17, 2023