

# **KGI Financial Holding Co., Ltd.**

## **Regulations for Shareholding Management**

Competent Authority: Secretariat, Board of Directors

Date of Drafting: May 27, 2001

Date of Issuance: September 3, 2024

**Article 1** In order to manage operations of shares management and to ensure regulatory compliance of shares reporting, KGI Financial Holding Co., Ltd. (hereafter “the Company”) has established the Regulations for Shareholding Management (hereafter “the regulations”) pursuant to Article 8 of “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries”.

**Article 2** Applicable object of this policy:

- (1) Insiders, which refer to the Company’s directors, managers and shareholders with more than 10% shareholdings;
- (2) Related parties of insiders, which refer to the insiders spouse, minor children, and third parties whose names were used to hold the shares for the insiders (hereafter “nominee shareholders”); and
- (3) Insiders (including supervisors) and their Related parties, of the Company’s 100%-owned subsidiaries acquired by means of “business transfer” or “share swap” under the Financial Holding Company Act.

**Article 3** The Secretariat, Board of Directors is the supervision department of this policy.

The shareholding management department shall handle all matters of shareholding and file reports in compliance with relevant regulations by the competent authority. The shares management department may also entrust to agent for stock affairs to perform its tasks if required.

**Article 4** The total number of shares held by the entire directors of the Company shall meet the requirement of percentages of total issued shares prescribed in Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

In the event that the total number of shares held by the entire directors of the Company is less than the percentage upon their election in the shareholders meeting, or if during their term of office, any directors transfer their shares or leave their office, such that the total shareholding by all the directors as a whole is less than the percentage required by the competent authority, the whole of the directors other than independent directors shall rectify the situation.

**Article 5** The rules and declarations for holding shares of the company shall be handled in accordance with the following matters:

1. Ex-ante Filing of Share Transferring

- (1) To transfer to non-specific person following approval from or an effective registration with the competent authority.
- (2) To transfer, at least three days following filing with the competent authority, on a centralized exchange market or an over-the-counter market, shares that have satisfied the holding period requirement and within the daily transfer allowance ratio prescribed by the competent authority. However, this requirement shall not apply to transfers totaling less than 10,000 shares per trading day.
- (3) To transfer, within three days following filing with the competent authority, to specific persons meeting the qualifications prescribed by the competent authority.

2. Ex-post Filing of Shareholdings Movement

- (1) The Insiders shall file, by the fifth day of each month, a report with the shares management department of the changes in the number of shares they held during the preceding month. The shares management department shall compile and file such report of changes with the competent authority by the fifteenth day of each month. The shareholding change to be filed according to this paragraph refers to the number of shares being acquired and transferred, rather than the number after netting.
- (2) In the event where the Insiders pledge/un-pledge their shares, the pledgor shall make immediate notification to the shares management department; the shares management department shall inform the competent authority of such pledges/un-pledges within five days of

their formation, and publicly announce such pledges/un-pledges. The Insiders shall file to the Company, a report including shareholding changes, by the fifth day of next month.

3. Selling Restrictions During the Implementation Period of the Treasury Shares

Insiders of the Company and subsidiaries or affiliates defined under Article 369-1 of the Company Act, their spouses, minor children and nominee shareholders shall not sell their shares during the period that the Company buys back its shares.

4. Restriction on Short-term Trading

In the event that the Insider sells its company stocks or other securities with equity nature within six months after its acquisition, or repurchase the securities within six months after its sale, the Company shall claim for the disgorgement of any profit realized from the sale and purchase.

5. Restriction on Insider Trading

According to Article 157-1 of the Securities and Exchange Act, upon actual knowledge of any information that will have a material impact on the price of the securities of the Company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the following persons shall not purchase or sell, in the person's own name or in the name of another, shares of the Company, or any other securities with equity nature of the Company:

- (1) a director and manager of the Company, and/or a natural person designated to exercise powers as representative pursuant to Paragraph 1 of Article 27 of the Company Act;
- (2) shareholders holding more than 10% of the shares of the Company;
- (3) any person who has learned the information by reason of occupational or controlling relationship;
- (4) a person who, though no longer among those listed in one of the preceding three subparagraphs, has only lost such status within the last six months; and
- (5) any person who has learned the information from any of the persons named in the preceding four subparagraphs.

6. Board directors of the Company are prohibited from trading the Company's shares during the closed period of 30 days prior to the public release of the annual financial results and 15 days prior to the public release of the quarterly financial results.

**Article 6** A same person or same concerned person who singly, jointly or collectively holds more than five percent of the Company's outstanding voting shares shall report such fact to the Competent Authority within ten days from the day of holding; the preceding provision applies to each cumulative increase or decrease in the shares of the same person or same concerned person by more than one percent thereafter.

A same person or same concerned person who intends to singly, jointly or collectively acquire more than ten percent, twenty-five percent or fifty percent of the Company's outstanding voting shares shall apply for prior approval of the Competent Authority.

A third party who holds shares of the Company on behalf of the same person or same concerned party in trust, by mandate or through other types of contract, agreement or authorization shall fall within the purview of the same concerned party.

The filing procedures shall be conducted according to Instructions for Reporting Voting Shares in Accordance with Paragraph 2, Article 16 of Financial Holding Company Act, and the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of Financial Holding Company.

The company shall check the major shareholders' shareholding changes and the persons with ultimate control over those major shareholders after book closure date each year, and establish a control report. If it is found that the shareholder has not handled the declaration or application in accordance with the first or second paragraph, a letter shall be sent to notify the shareholder to handle the declaration or application.

The major shareholders indicated in the preceding paragraph refer to the shareholders who meet the requirements of the first and second paragraphs or the shareholding stake thereof is on the top ten list.

**Article 7** The term "same person" as used in the preceding article shall mean the same natural or juristic person.

The term "same concerned person" as used in the preceding article shall mean persons concerned to the same natural or juristic person, including:

1. Persons related to the same natural person:
  - (1) The principal, his/her spouse and relatives by blood within the second degree of kinship.
  - (2) An enterprise in which the persons referred to in the preceding subparagraph hold more than one-third of its outstanding voting shares or more than one-third of its capital stock.
  - (3) An enterprise or a foundation in which the persons referred to in subparagraph (1) hereof act as its chairman, president or directors representing the majority of directors.
2. Persons related to the same juristic person:
  - (1) The same juristic person and its chairman and president as well as the spouse and relatives by blood within second degree of kinship of the chairman and president.
  - (2) Enterprises in which the same juristic person and natural persons referred to in the preceding subparagraph hold more than one-third of their outstanding voting shares or more than one-third of their capital stock, or enterprises or foundations in which the same juristic person and natural persons referred to in the preceding subparagraph act as their chairman, president or directors representing the majority of directors.
  - (3) Affiliates of the same juristic person. The term "affiliate" shall be defined under Articles 369-1 through 369-3, Articles 369-9 and 369-11 of the Company Act.

**Article 8** Any other matters not set forth in the Regulations shall be dealt with in accordance with the applicable laws and rules.

**Article 9** The regulations, and any amendments hereto, shall be adopted by a resolution of the board of directions and take effect from the date of issuance.