

Acquisition of All Remaining Outstanding Shares of China Life

August 2021

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Overview of the Transaction

This share swap transaction balances the interests of both CDFHC's and China Life's shareholders

Transaction Overview

- On August 12, 2021, CDFHC announced to acquire all remaining outstanding shares of China Life from external parties¹ through a share swap transaction (the "Transaction")
- After completion, China Life is expected to become a wholly-owned subsidiary of CDFHC and therefore will be delisted
- The Transaction is pending shareholder and regulatory approvals

Shareholding Structure of China Life

CDFHC	47.30%
KGI Securities <i>(100% owned by CDFHC)</i>	8.66%
External parties	44.05%

Transaction Rationale

- Complete Ownership:** Enables CDFHC to realize its strategic goal of completing 100% ownership of China Life since its first investment into China Life in September 2017
- Strategic Initiatives:** Creates stronger foundation to further drive collaboration and accelerate growth across CDFHC's business segments, including banking, securities, private equity/venture capital, asset management and insurance
- Transaction Structure:** Balances the interests of both CDFHC's and China Life's shareholders while maintaining stable CDFHC regulatory financial ratios post the Transaction

Consideration Mix

Every common share in China Life will be exchanged for:



Caters to three major aspects of value and provides flexibility to China Life's shareholders:



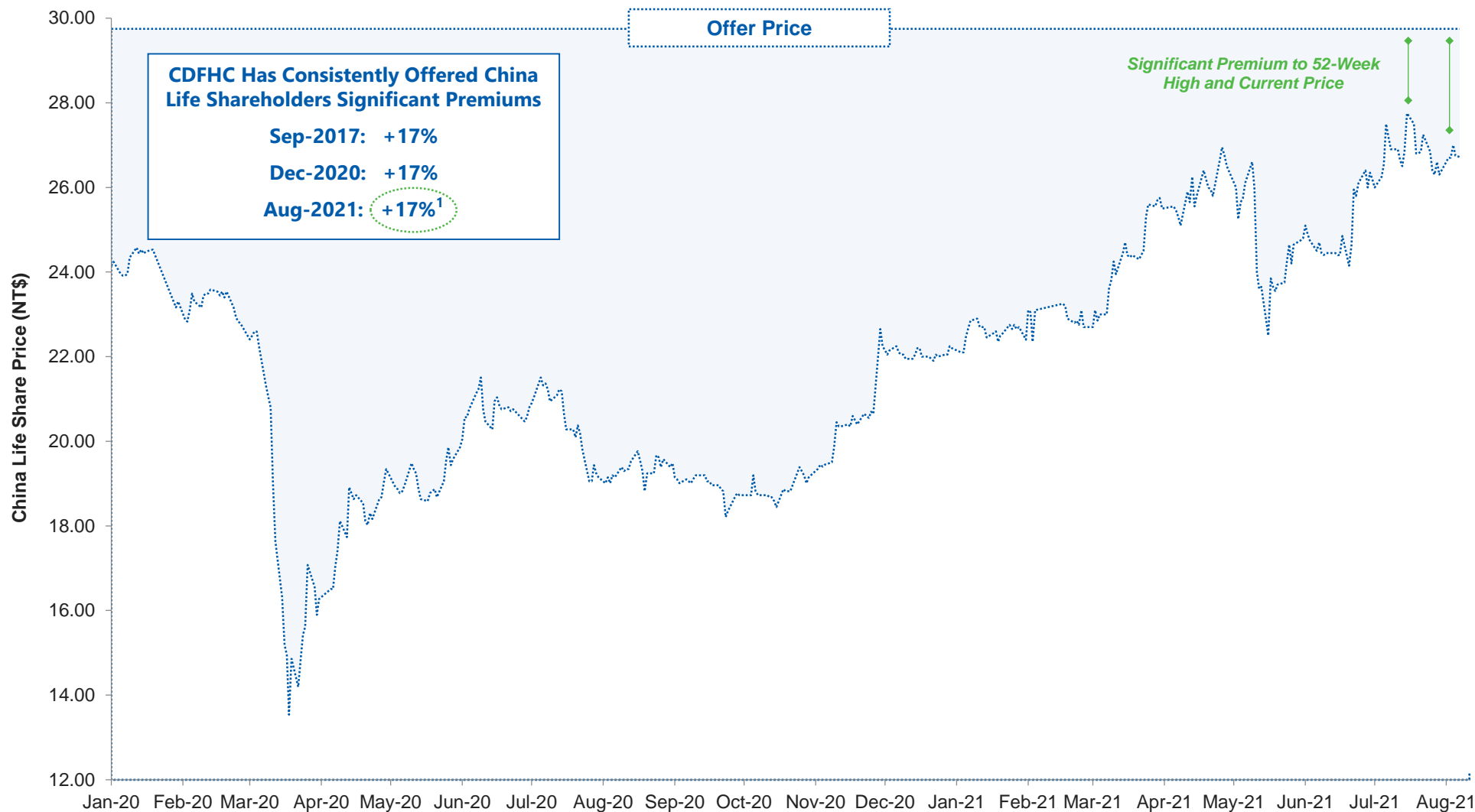
Expected Transaction Timeline



¹ KGI Securities will receive the same consideration mix, but all common and preferred shares issued to KGI Securities will be subsequently cancelled

Compelling Offer to China Life Shareholders

The offer price represents an **attractive premium** and provides China Life shareholders with **significant value creation**



Source: Bloomberg, Dealogic, Company Filings; Note: Share prices shown on an ex-dividend basis.

¹ Based on the 20-day average ex-dividend and ex-rights closing prices of CDFHC and China Life through August 12, and based on the ex-dividend and ex-rights closing prices on August 12.

Common Shares Allow Participation in Strong Performance

CDFHC has demonstrated its capability to align interests and generate synergies through improved efficiency and collaboration across its group companies

Strong Performances Across Group Companies



- **#5 among Taiwan life insurers** in terms of total premiums in 2020 with a market share of 8.1%
- **Member of CDFHC's group companies** since September 2017



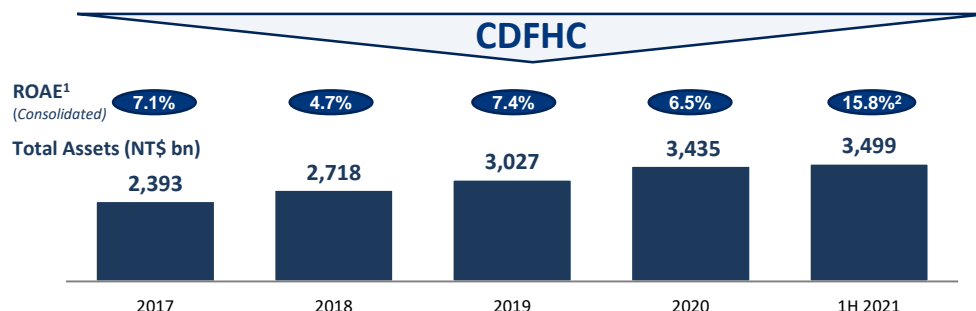
- **#14 privately owned commercial bank** in Taiwan by total assets as of May 2021
- Acquired by CDFHC in 2014 and previously Cosmos Bank



- **Second-largest securities broker** in Taiwan, with 8.9% market share
- **Top M&A advisor** in Taiwan 6 years in a row; **best investment bank, ECM, and DCM House** in Taiwan by FinanceAsia in 2021



- **One of the most reputable** private equity investors in Taiwan
- **Growing private equity AUM** while reducing principal investments



Complete ownership of China Life will allow CDFHC to further drive collaboration and create revenue, cost, and capital synergies

Group-wide Initiatives to Enhance Collaboration

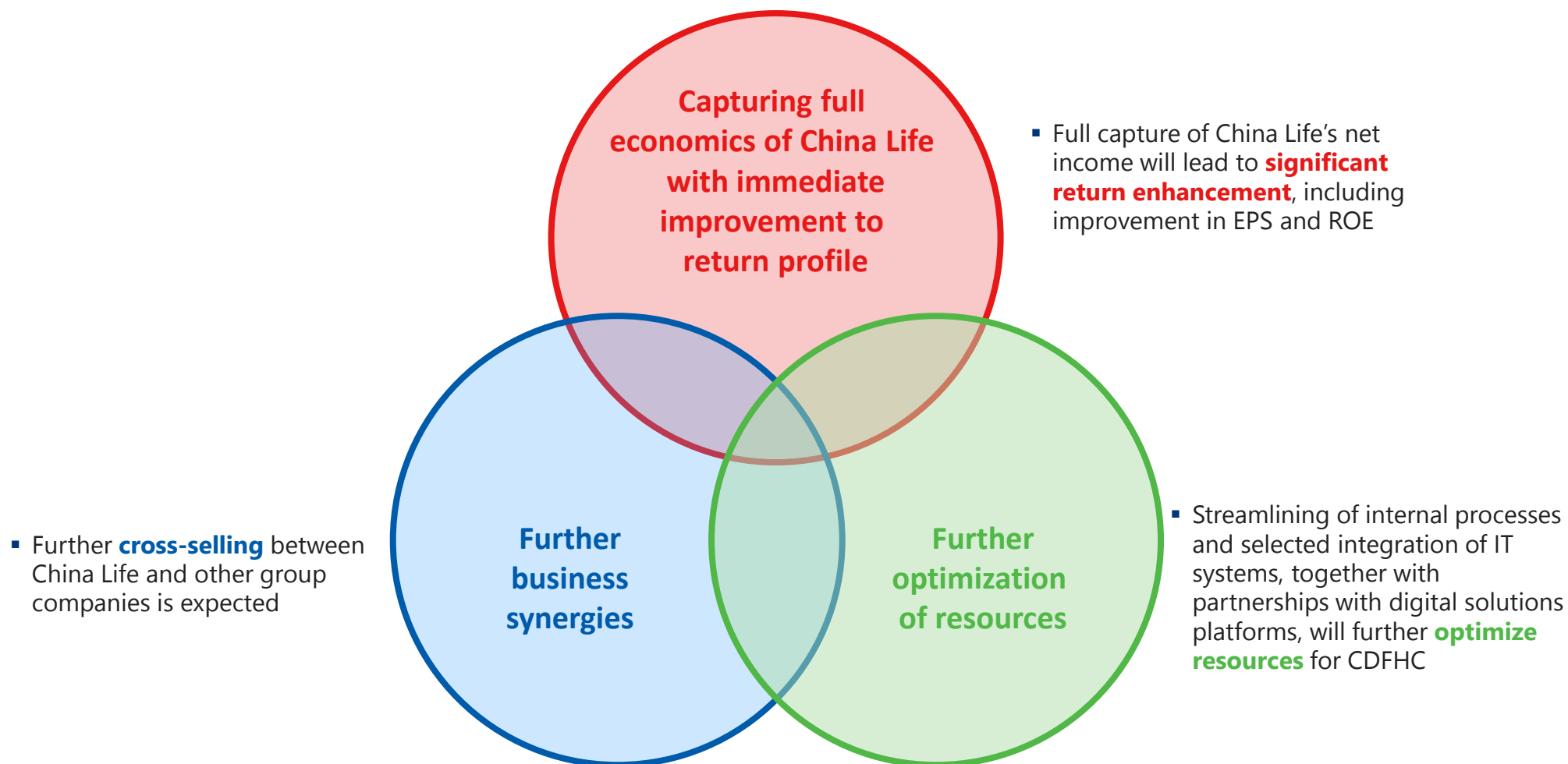
- **New initiatives to drive further growth:** Announced in 2020, CDFHC's "ABCDE Strategy" for the next five years has already seen positive results across all group companies

- A Accelerate Digital:** Engage in partnerships/alliances to build digital ecosystems, including the digitalization of customer journeys and leadership in mobility and innovation
- B Become Employer of Choice:** Expand development and training programs and redesign KPIs to enhance employee value propositions and empower employee initiatives
- C Customer Focus:** Brand reposition to focus on customer experience, install and embed NPS to deliver comprehensive financial solutions
- D Drive Growth:** Leverage cross-selling and big data analytics through acquisitions and JVs, while expanding international presence and improving ROE and margins
- E Execution Excellence:** Enhance IT infrastructure and distribution networks to optimize risk appetite while also maintaining ESG leadership

CDFHC will continue to benefit from these new initiatives and continuous transformation

Common Shares Provide Significant Upside Potential

CDFHC's strong historical performance will be supported going forward by synergies from 100% ownership of China Life



Preferred Shares Provide Stable Yield and Liquidity

CDFHC's preferred shares will provide stable yield and path to liquidity in-line with other FHCs, making them an attractive instrument for long-term holding

Attributes of CDFHC's Preferred Shares

Issuance Price: NT\$10	■ Relatively smaller value versus other FHCs' – allowing for more retail participation which will increase liquidity for the preferred shares
Dividend Yield: 3.55%	<ul style="list-style-type: none"> ■ In-line with other FHCs' since 2017 – ranging from 3.20% to 4.00% ■ Higher yield than bank deposit rates
Priority	■ Preferred shares have priority over the company's net income and are paid dividends before common shareholders
Liquidity	■ Will be listed on the Taiwan Stock Exchange, where it can be traded
Perpetual	■ Will pay a fixed dividend to investors as long as CDFHC is in business
Non-convertible	■ Cannot be converted into common shares
Non-cumulative	■ Dividends are not guaranteed in any year, so CDFHC does not need to make up for any year that it did not pay the dividend

Preferred Shares Issued by Taiwan FHCs¹

	Credit Ratings			Issue Date	Issuance Price (NT\$)	Latest Price ² (NT\$)	Dividend Rate ²	Latest Yield ²
CDFHC	BBB	N/A	twAA-		10		3.55%	
Cathay	BBB+	Baa1	twAA					
Series B				Feb 2018	60	61.7	3.55%	3.45%
Fubon	BBB+	Baa1	twAA					
Series B				Mar 2018	60	61.6	3.60%	3.51%
CTBC	BBB	Baa1	twAA-					
Series B				Dec 2017	60	63.6	3.75%	3.54%
Series C				Apr 2019	60	62.4	3.20%	3.08%
Taishin	BBB	N/A	twA+					
Series E				Nov 2018	50	50.7	3.80%	3.75%
Shin Kong	BBB ³	N/A	twA+					
Series A				Jul 2019	45	40.9	3.80%	4.19%
Series B				Feb 2020	45	40.5	4.00%	4.45%

The above attributes make CDFHC's preferred shares an attractive instrument for long-term holding, and an attractive component of the consideration mix for China Life's shareholders

¹ Issuance since 2017. ² Data as of 9-Aug-2021. ³ For Shin Kong Life and Shin Kong Bank only.