

China Development Financial Holding Corporation

Statement on Internal Control System

We hereby declare on behalf of China Development Financial Holding Corporation (the “Company”) that, in accordance with the Implementation Rules of Internal Control and Audit Systems of Financial Holding Companies and Banking Industry, from January 1, 2023 to December 31, 2023, the Company established an internal control system, performed risk management, and was audited by a detached and independent internal auditing department, which regularly reports to the Board and the Audit Committee. After a careful assessment, except for the items listed on the attachment, all units were able to effectively implement internal control and legal compliance tasks during the year. This statement constitutes an integral part of the Company’s annual report and prospectus, and shall be made public. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal responsibilities.

Sincerely,

Financial Supervisory Commission

Stated by

Chairman: (Signature and Seal)

President: (Signature and Seal)

Chief Auditor: (Signature and Seal)

Chief Compliance Officer: (Signature and Seal)

March 25, 2024

China Development Financial Holding Corporation

Plan for Improving the Internal Control System

(Baseline date: December 31, 2023)

Matters for improvement	Rectification measures	Estimated time of rectification
Subsidiary - KGI Bank Co., Ltd. (“KGI Bank”)		
<p>Matters for improvement related to KGI Bank’s implementation of the internal AML/CFT control system:</p> <p>During the investigation of existing customers that applied to conduct new virtual account business transactions in 2023, it was found that one customer's current risk rating was high, but the enhanced due diligence review was not performed again.</p>	<p>The unit responsible for virtual account business will assist in revising the relevant business KYC checklists, adjusting the anti-money laundering checklists to be listed item by item, and adding a checklist for "high-risk customers have completed enhanced due diligence review" to avoid omissions in implementing enhanced due diligence reviews.</p>	<p>It is expected to be completed by the end of March 2024.</p>
Subsidiary - KGI Securities Co. Ltd. (“KGI Securities”)		
<p>TPEX conducted audits on KGI Securities on from August 22, 2023, to September 5, 2023, and identified the following deficiencies (KGI Securities is asked to make improvements):</p> <p>1. The security of the</p>	<ol style="list-style-type: none"> 1. The upgrade of the operating system will be completed in batches according to the system host schedule. 2. Highest-privilege account recovery is planned to be conducted after evaluation. 3. Introduction of multi-factor authentication is planned to 	<ol style="list-style-type: none"> 1. The improvements are expected to be completed by September 30, 2024. 2. The improvements

Matters for improvement	Rectification measures	Estimated time of rectification
<p>operating system version is regularly evaluated every month and included in the evaluation and replacement plan, but the replacement plan is not yet completed.</p> <p>2. The system's highest-privilege account on some hosts has not yet been included in the privilege management system.</p> <p>3. Provide customers and employees with access to the system through the Internet using an account, but no multi-factor authentication mechanism has been adopted.</p> <p>4. There is no appropriate network segmentation mechanism between each branch and market information vendors.</p> <p>5. There are still cases where hosts are not included in the vulnerability scan, thereby resulting in an incomplete scan.</p>	<p>be adopted.</p> <p>4. Strengthening of the network segmentation mechanism between branches and market information vendors is planned to be improved.</p> <p>5. The vulnerability scan scope is planned to be improved.</p>	<p>were expected to be completed by March 31, 2024.</p> <p>3. The improvements are expected to be completed by July 31, 2024.</p> <p>4. The improvements are expected to be completed by March 31, 2024.</p> <p>5. The improvements are expected to be completed by February 29, 2024.</p>
KGI SITE		
The independent division of each work area has not been	Firewall network segmentation has been entrusted to the vendor	It is expected to be completed by

Matters for improvement	Rectification measures	Estimated time of rectification
implemented in the network segment configuration for information security protection operations.	and is expected to be completed by the end of June 2024.	the end of June 2024.