

Stock ID: 2852

# **The First Insurance Co., Ltd.**



2021 Annual General Meeting

## **Meeting Manual**

AGM time: June 24, 2021

AGM venue: No. 88, Section 2, Zhongxiao East Road, Taipei City

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## **2021 Annual General Meeting Procedure of The First Insurance Co., Ltd.**

1. Commencement of meeting
2. Chairperson's opening remarks
3. Reports
4. Acknowledgments
5. Discussions
6. Other discussions and special motions
7. Dismissal

## **2021 Annual General Meeting Agenda of The First Insurance Co., Ltd.**

1. Time: 9:00 am, June 24 (Thursday), 2021
2. Venue: First Conference Hall, Haihua Financial Center, B1, No. 88, Section 2, Zhongxiao East Road, Taipei City
3. Meeting commences as scheduled
4. Chairperson's opening remarks
5. Reports
  - (1) The Company's 2020 business report (please see Pages 4~5).
  - (2) The Company's 2020 Audit Committee Report (please see Page 6).
  - (3) The Company's 2020 Director and Employee Remuneration Report (please see Page 7).

### **6. Acknowledgments**

Summary: The Company's 2020 business report and financial statements have been prepared and subsequently audited by Deloitte Taiwan and are available for acknowledgment (proposed by the Board of Directors).

Description: (1) The Company's 2020 business report and financial statements were passed during the 13th meeting of the 20th Board of Directors dated March 26, 2021. The financial statements were subsequently audited by Deloitte Taiwan and reviewed by the Audit Committee, to which they have issued separate audit reports. The financial statements are hereby presented for acknowledgment during AGM in accordance with the Articles of Incorporation.

(2) The case is ready for acknowledgment (please see Pages 4~5 and Pages 12~19).

Resolution:

### **7. Discussions:**

(1) Summary: The Company's 2020 appropriation of earnings is proposed for discussion (proposed by the board of directors).

Description: Please refer to the Earnings Appropriation Chart (Page 20) for details regarding appropriation of the Company's 2020 earnings.

Resolution:

(2) Summary: The Company's 2020 dividend distribution is ready for approval (proposed by the Board of Directors).

Description: The Board of Directors has proposed to pay out NT\$105,407,324 from cumulative undistributed earnings as cash dividends. Based on the 301,163,784 shares outstanding, the payout is equivalent to NT\$0.35 per share. The amount of cash dividend receivable by shareholders will be truncated to the nearest dollar. Fractional amounts of less than NT\$1 will be summed up and allocated based on the size of decimals in descending order and shareholders' account number in ascending order until the total amount of cash dividend is allocated. The board of directors shall be authorized to determine details relating to the cash dividend, including the baseline date, once the proposal has been resolved in the AGM.

Resolution:

(3) Summary: The amendments to certain provisions of the Company's Rules of Procedure for Shareholders' Meeting are ready for approval (proposed by the Board of Directors).

Description: 1. In response to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meeting" published under TWSE's letters under TWSE-Governance No. 10900094681 dated June 3, 2020 and TWSE-Governance No. 11000014461 dated January 28, 2021, the certain provisions of the Company's Rules of Procedure for Shareholders' Meeting were amended accordingly.

2. Enclosed please find the "Cross Reference Table for Amendments to the Rules of Procedure for Shareholders' Meeting of The First Insurance Co., Ltd." (please refer to Pages 21~22).

Resolution:

(4) Summary: The amendments to certain provisions of the Company's Procedure for Election of Directors are ready for approval (proposed by the Board of Directors).

Description: 1. In response to the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" published under TWSE's letters under TWSE-Governance No. 10900094681 dated June 3, 2020, the certain provisions of the Company's

Procedure for Election of Directors were amended accordingly.

2. Enclosed, please find the “Cross Reference Table for Amendments to the Procedure for Election of Directors of The First Insurance Co., Ltd.” (please refer to Pages 23~25).

Resolution:

8. Other discussions and special motions:

9. Dismissal

## Business Report

Ladies and gentlemen:

Welcome to the annual general meeting of The First Insurance Co., Ltd.

First of all, the outbreak of the COVID-19 epidemic in the first half of 2020 caused the consumption and investment momentum to decline. Therefore, the production and trading activities were shrinking rapidly. The global economy declined in the short term or mid-term. Notwithstanding, in consideration of the adequate epidemic prevention policy adopted by Taiwan, the domestic production capacity of semi-conductor, information communications and audio/video products was expanded significantly. The return of Taiwanese businessmen resulted in the expansion of investment and production capacity in response to the emerging applications, such as 5G and high-performance computing, and business opportunities for work from home driven by the epidemic, thus helping mitigate the impact. In the second half of 2020, the global terminal demand declined due to the epidemic and, therefore, was disadvantageous to the expansion of Taiwan's foreign trade and the epidemic drove online shopping at home. Besides, the government's bailout policy also boosted the domestic economic recovery and helped the private consumption growth momentum. According to the forecast by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate in 2020 was 2.97%, i.e. YOY 0.27% from 2.71% in 2019.

Secondly, industry-wise, the non-life insurance industry posted total written premiums of NT\$187.4 billion in 2020, up 6.24% from the NT\$176.4 billion in 2019. The Company managed to generate NT\$7.063 billion of written premiums in 2020, which represented a 2.73% growth over NT\$6.875 billion in 2019. Below is a breakdown of the Company's 2020 business performance:

### 1. Business aspect

Fire insurance:

Premium revenues amounted to NT\$1,049,319 thousand and accounted for 14.86% of total premium revenues, representing a 2.55% decline over the NT\$1,076,828 thousand recorded in 2019. The retained loss ratio was calculated at 27.77%.

Marine insurance:

Premium revenues amounted to NT\$303,401 thousand and accounted for 4.30% of total premium revenues, representing a 15.01% decline over the NT\$356,998 thousand recorded in 2019. Retained loss ratio was calculated at 49.19%.

Auto insurance:

Premium revenues amounted to NT\$4,916,677 thousand and accounted for 69.61% of total premium revenues, representing a 8.06% growth over the NT\$4,549,863 thousand recorded in 2019. Retained loss ratio was calculated at 62.72%.

Other insurance:

Premium revenues amounted to NT\$793,487 thousand and accounted for 11.23% of total premium revenues, representing a 10.98 % decline over the NT\$891,365 thousand recorded in 2019. Retained loss ratio was calculated at 44.56%.

## 2. Financial aspect

Total assets amounted to NT\$16.026 billion by the end of 2020, which was NT\$169 million higher than the NT\$15.857 billion reported at the end of 2019 and was mainly due to the increase of financial assets. Total liabilities amounted to NT\$9.264 billion, which was NT\$218 million less than the NT\$9.046 billion reported at the end of 2019 and was due mainly to the decrease of insurance liabilities.

Looking forward to 2021, internationally, the trade war and technology war between China and the USA remains unresolved, the increased trade conflict between China and Australia, the expanding Protectionism globally, prolonged Brexit, effective control over COVID-19 epidemic remaining uncertain, lockdown policies that disrupt the economic activities, tremendous debts all over the world and geopolitical risks are all the risk variables critical to the economic outlook. According to the latest forecast provided by leading international organizations, the global economic growth rate might range from 4.2% to 5.5%. Domestically, in terms of private consumption, the nationals' domestic consumption has grown significantly due to the epidemic. Meanwhile, the employees' salary remains growing positively, and the increase in basic living expenses may help increase the individual income tax deductions and also the nationals' disposable income. Private consumption is expected to bottom up strongly therefor. The private investment is expected to keep increasing under the circumstance that the semi-conductor industry launches the high-end production process. The investment in green power, such as offshore wind power, is continuing. According to the latest forecast provided by leading international organizations, Taiwan's economic growth rate might range from 4.24% to 4.64% and appears to grow stably. In response, the Company shall continue focusing on its core business activities while at the same time explore improvements with a focus on stability, pragmatism, and innovation. In terms of asset allocation, the Company will strive to raise capital efficiency and asset yields as a show of gratitude for the support of our shareholders.



Lastly,

we would like to give you our best regards for the future ahead.

Chairman: C. H. Lee

President: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.  
Audit Committee Report

We have reviewed the Company's 2020 financial statements, business report and earnings appropriation proposal prepared by the Board of Directors. The financial statements have been audited by Deloitte Taiwan retained by the Board of Directors, to which the firm issued an independent auditor's report with an unqualified opinion.

The Audit Committee has reviewed the abovementioned reports prepared by the board of directors and found them to be in compliance with regulatory requirements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For  
2021 Annual General Meeting of The First Insurance Co., Ltd.

Audit Committee convener:

March 26, 2021

## The Company's 2019 director and employee remuneration report

1. Pursuant to Article 31 of the Articles of Incorporation, the Company is required to allocate at least 1% of its annual profits for employee remuneration and no more than 0.6% for director remuneration.
2. Based on the above criteria, a proposal has been made to allocate NT\$1,255,764 and NT\$2,092,941 for the Company's 2020 director and employee (including managers) remuneration, respectively.
3. This proposal was passed during the 7th meeting of the 4th Remuneration Committee dated February 17, 2021, and was subsequently presented to and passed during the 12th meeting of the 20th Board of Directors dated February 26, 2021.

# Independent Auditor's Report

To stakeholders of The First Insurance Co., Ltd.:

## **Audit opinion**

We have audited the balance sheet of The First Insurance Co., Ltd. as of December 31, 2020 and 2019, the comprehensive income statement, statement of changes in equity, and cash flow statement for the periods January 1 to December 31, 2020 and 2019, and the accompanying footnotes (including a summary of major accounting policies).

In our opinion, all material disclosures of the financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, international financial reporting standards approved and published by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof, and presented a fair view of the financial position of The First Insurance Co., Ltd. as of December 31, 2020 and 2019, and business performance and cash flow for periods January 1 to December 31, 2020 and 2019.

## **Basis of audit opinion**

We have conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards. Our responsibilities as an auditor under the abovementioned standards will be explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from The First Insurance Co., Ltd. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

## **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment when auditing the 2020 financial statements of The First Insurance Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2020 financial statements of The First Insurance Co., Ltd. are as follows:

### Estimation of not reported (NR) and not settled (NS) reserves

The First Insurance Co., Ltd. has an actuarial team that estimates NR/NS reserves based on previous claims and expenses incurred by the various types of insurance, using methods that conform with actuarial principles. The book value of claim reserves (presented as insurance liability) as of December 31, 2020 amounted to NT\$2,713,890 thousand, of which NT\$671,429 thousand were insurance by not yet reported (IBNR). Because the amount was presented based on the actuarial estimate, any change of assumption or any misjudgment may cause significant changes to profit and loss, and therefore has been listed as a key audit issue for the current year.

For more details on the accounting policy and methodology adopted for claim reserve provisioning, please refer to Note 4(12) and Note 5 of the financial statements. For details on amounts and changes, please refer to Note 38(3) of the financial statements.

We have performed tests to gain insight about the design and execution of various procedures and controls the Company had adopted to estimate NR/NS reserves. In addition, we obtained data on direct claims paid by the First Insurance Co., Ltd., for various insurance categories and retained materials related to actual losses to verify the integrity of data used in the actuarial estimate. In addition, our actuarial experts assisted us in evaluating whether the methodologies and assumptions undertaken to provide for NR/NS reserves were compliant with

laws and establishing proprietary models for validating the rationality of the NR/NS reserves provided by the Company.

#### **Responsibilities of the management and governing body to the financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, international financial reporting standards approved and published by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof, and exercise proper internal control practices that are relevant to the preparation of financial statements so that the financial statements are free of material misstatements caused by fraud or error.

The management's responsibilities when preparing financial statements also involved: assessing the ability of The First Insurance Co., Ltd. to operate, disclose information and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governing body of The First Insurance Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

#### **Responsibilities of the auditor when auditing financial statements**

The purposes of our audit were to obtain reasonable assurance of whether the financial statements were prone to material misstatements caused by fraud or error, and issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted auditing principles do not necessarily guarantee detection of all material misstatements within the financial statements. Misstatements can be attributed to fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with generally accepted audit principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate responsive measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing an opinion on the effectiveness of the internal control system of The First Insurance Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of The First Insurance Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are bound to remind financial statement users and make related disclosures if material uncertainties exist regarding the above-mentioned events or circumstances and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based upon audit evidence obtained as of the audit report date. However, occurrences of future events or circumstances may still render The First Insurance Co., Ltd. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure and contents of the financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.

We have communicated with the governing body about the scope, timing and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

After communicating with the governance body regarding the 2020 financial statements of The First Insurance Co., Ltd, we have identified the key audit issues. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to the public interest.

Deloitte Taiwan  
CPA Alice Huang

CPA Wan-Yi Liao

Approval reference of the Securities and  
Futures Bureau  
Tai-Cai-Zheng-VI-Zi No. 0920131587

Approval reference of the Financial  
Supervisory Commission  
Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 26, 2021

## **The Company's 2020 Financial Statements**

1. Balance Sheet

II. Comprehensive Income Statement

III. Statement of Changes in Equity

IV. Cash Flow Statement

The First Insurance Co., Ltd.  
Balance Sheet  
As at December 31, 2020 and 2019

Unit: NTD thousands

| Code  | Assets  | December 31, 2020 |     | December 31, 2019 |     |
|-------|---|-------------------|-----|-------------------|-----|
|       |   | Amount            | %   | Amount            | %   |
| 11000 | Cash (Notes 4 and 6)  | \$ 1,775,324      | 11  | \$ 1,860,014      | 12  |
|       | Receivables   |                   |     |                   |     |
| 12100 | Notes receivable - Net (Notes 4, 12 and 38)   | 143,485           | 1   | 139,251           | 1   |
| 12200 | Premiums receivable - Net (Notes 4, 12, 31 and 38)                                    | 172,791           | 1   | 278,527           | 2   |
| 12500 | Other receivables (Notes 4 and 12)  | 64,696            | 1   | 45,607            | -   |
| 12000 | Total receivables   | 380,972           | 3   | 463,385           | 3   |
|       | Investment  |                   |     |                   |     |
| 14110 | Financial assets at fair value through profit and loss (Notes 4 and 7)                | 1,940,277         | 12  | 1,645,093         | 10  |
| 14145 | Financial assets carried at cost after amortization (Notes 4, 9 and 10)               | 1,758,600         | 11  | 1,529,333         | 10  |
| 14180 | Other financial assets (Notes 4, 6 and 11)  | 2,751,824         | 17  | 2,663,153         | 17  |
| 14190 | Financial assets at fair value through other comprehensive income (Notes 4, 8 and 10) | 2,948,951         | 18  | 3,185,743         | 20  |
| 14200 | Investment properties (Notes 4 and 13)  | 898,209           | 6   | 943,248           | 6   |
| 14000 | Total investment  | 10,297,861        | 64  | 9,966,570         | 63  |
|       | Reinsurance Contracts Assets  |                   |     |                   |     |
| 15100 | Claims recoverable from reinsurers - Net (Notes 4, 12, 14 and 38)                     | 131,034           | 1   | 166,082           | 1   |
| 15200 | Reinsurance accounts receivable - Net (Notes 4, 12, 14 and 38)                        | 175,340           | 1   | 215,587           | 1   |
| 15300 | Reinsurance reserve assets (Notes 4, 14 and 38)                                       | 1,844,525         | 12  | 1,888,150         | 12  |
| 15000 | Total reinsurance contract assets   | 2,150,899         | 14  | 2,269,819         | 14  |
| 16000 | Property, plant, and equipment (Notes 4 and 15)                                       | 661,560           | 4   | 620,038           | 4   |
| 16700 | Right-of-use asset (Notes 4 and 16)   | 4,400             | -   | 4,320             | -   |
| 17300 | Intangible assets (Notes 4 and 17)  | 44,106            | -   | 7,203             | -   |
| 17800 | Deferred income tax assets (Notes 4 and 26)   | 51,618            | -   | 52,582            | -   |
|       | Other assets  |                   |     |                   |     |
| 18300 | Guarantee deposits paid (Notes 8 and 18)  | 631,818           | 4   | 562,858           | 4   |
| 18700 | Other assets - Others (Note 19)   | 27,429            | -   | 50,025            | -   |
| 18000 | Total other assets  | 659,247           | 4   | 612,883           | 4   |
| 1XXXX | TOTAL ASSETS  | \$ 16,025,987     | 100 | \$ 15,856,814     | 100 |
| Code  | Liabilities and equity  | December 31, 2020 |     | December 31, 2019 |     |
|       |   | Amount            | %   | Amount            | %   |
|       | Payables  |                   |     |                   |     |
| 21100 | Notes payable   | \$ 5,822          | -   | \$ 12,186         | -   |
| 21200 | Insurance claims and benefits payable (Notes 4 and 38)                                | 2,986             | -   | -                 | -   |
| 21400 | Commission payable (Notes 4 and 38)   | 115,625           | 1   | 110,162           | -   |
| 21500 | Reinsurance accounts payable (Notes 4 and 38)   | 343,501           | 2   | 436,418           | 3   |
| 21600 | Other payables (Note 20)  | 209,682           | 1   | 166,502           | 1   |
| 21000 | Total payables  | 677,616           | 4   | 725,268           | 4   |
| 21700 | Current income tax liabilities (Note 4)   | 1,012             | -   | 49,329            | -   |
| 23800 | Lease liabilities (Notes 4 and 16)  | 4,445             | -   | 4,139             | -   |
|       | Insurance liabilities (Notes 4, 5, 21 and 38)   |                   |     |                   |     |
| 24100 | Unearned premium reserve  | 3,819,705         | 24  | 3,726,659         | 23  |
| 24200 | Claim reserve   | 2,713,890         | 17  | 2,491,233         | 16  |
| 24400 | Special reserve   | 1,696,659         | 10  | 1,669,565         | 11  |
| 24500 | Deficiency reserve  | 6,712             | -   | 24,293            | -   |
| 24000 | Total insurance liabilities   | 8,236,966         | 51  | 7,911,750         | 50  |
| 27100 | Provision for employee benefits (Notes 4 and 22)                                      | 142,972           | 1   | 170,179           | 1   |
| 28000 | Deferred income tax liabilities (Notes 4 and 26)                                      | 92,934            | 1   | 92,934            | 1   |
|       | Other liabilities   |                   |     |                   |     |
| 25300 | Guarantee deposits received   | 14,530            | -   | 15,114            | -   |
| 25900 | Other liabilities - Others (Note 23)  | 93,428            | 1   | 76,840            | 1   |
| 25000 | Total other liabilities   | 107,958           | 1   | 91,954            | 1   |
| 2XXXX | Total liabilities   | 9,263,903         | 58  | 9,045,553         | 57  |
| 31000 | Share capital (Note 24)   | 3,011,638         | 19  | 3,011,638         | 19  |
|       | Retained earnings (Note 24)   |                   |     |                   |     |
| 33100 | Legal reserve   | 1,362,943         | 8   | 1,246,749         | 8   |
| 33200 | Special reserve   | 1,916,502         | 12  | 1,740,117         | 11  |
| 33300 | Undistributed earnings  | 178,675           | 1   | 405,734           | 2   |
| 33000 | Total retained earnings   | 3,458,120         | 21  | 3,392,600         | 21  |
| 34000 | Other equity items (Note 24)  | 292,326           | 2   | 407,023           | 3   |
| 3XXXX | Total equity  | 6,762,084         | 42  | 6,811,261         | 43  |
|       | Total liabilities and equity  | \$ 16,025,987     | 100 | \$ 15,856,814     | 100 |

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

Chairman: C. H. Lee

Manager: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao



The First Insurance Co., Ltd.  
Comprehensive Income Statement  
For periods from January 1 to December 31, 2020 and 2019  
Unit: NTD thousands, except EPS which is in dollars

| Code  |  | 2020               |               | 2019                 |               | Variation<br>percentage<br>(%) |
|-------|--|--------------------|---------------|----------------------|---------------|--------------------------------|
|       |  | Amount             | %             | Amount               | %             |                                |
|       | Operating revenues (Note 4)  |                    |               |                      |               |                                |
| 41110 | Written premiums (Notes 31 and 38)   | \$ 7,062,884       | 120           | \$ 6,875,054         | 113           | 3                              |
| 41120 | Reinsurance premiums (Note 38)   | <u>403,665</u>     | <u>7</u>      | <u>404,585</u>       | <u>7</u>      | -                              |
| 41100 | Premium revenues   | 7,466,549          | 127           | 7,279,639            | 120           | 3                              |
| 51100 | Less: Reinsurance expenses (Note 38)   | ( 1,776,313 )      | ( 30 )        | ( 1,925,618 )        | ( 32 )        | ( 8 )                          |
| 51310 | Less: Net change in unearned premium reserve   | ( <u>239,129</u> ) | ( <u>4</u> )  | ( <u>8,615</u> )     | <u>-</u>      | 2,676                          |
| 41130 | Retained earned premiums (Note 38)   | <u>5,451,107</u>   | <u>93</u>     | <u>5,345,406</u>     | <u>88</u>     | 2                              |
| 41300 | Reinsurance commissions received (Note 38)   | <u>287,853</u>     | <u>5</u>      | <u>287,665</u>       | <u>5</u>      | -                              |
| 41400 | Service fee  | <u>24,561</u>      | <u>-</u>      | <u>24,477</u>        | <u>-</u>      | -                              |
|       | Net investment gains   |                    |               |                      |               |                                |
| 41510 | Interest income (Note 25)  | 87,428             | 2             | 95,210               | 2             | ( 8 )                          |
| 41521 | Gains on financial assets or liabilities at fair value through profit and loss                         | ( 122,296 )        | ( 2 )         | 168,034              | 3             | ( 173 )                        |
| 41527 | Realized gains/losses on financial assets at fair value through other comprehensive income (Note 8(1)) | 100,807            | 2             | 92,357               | 1             | 9                              |
| 41550 | Gain (loss) on exchange (Note 25)  | ( 30,059 )         | ( 1 )         | ( 16,063 )           | -             | 87                             |
| 41570 | Gains (losses) on investment property (Note 25)  | 53,245             | 1             | 55,980               | 1             | ( 5 )                          |
| 41585 | Expected credit impairment loss and reversal gain on investment  | <u>954</u>         | <u>-</u>      | ( <u>4,835</u> )     | <u>-</u>      | 120                            |
| 41500 | Total net investment gains   | <u>90,079</u>      | <u>2</u>      | <u>390,683</u>       | <u>7</u>      | ( 77 )                         |
|       | Other operating revenues   |                    |               |                      |               |                                |
| 41890 | Other operating revenues - Others  | <u>1,072</u>       | <u>-</u>      | <u>966</u>           | <u>-</u>      | 11                             |
| 41000 | Total operating revenues   | <u>5,854,672</u>   | <u>100</u>    | <u>6,049,197</u>     | <u>100</u>    | ( 3 )                          |
|       | Operating Cost   |                    |               |                      |               |                                |
|       | Retained claims and benefits (Notes 31 and 38)   |                    |               |                      |               |                                |
| 51200 | Insurance claim and benefit payments   | 3,930,294          | 67            | 4,387,778            | 73            | ( 10 )                         |
| 41200 | Less: Claims recovered from reinsurers   | ( <u>957,899</u> ) | ( <u>16</u> ) | ( <u>1,319,005</u> ) | ( <u>22</u> ) | ( 27 )                         |
| 51260 | Total retained claims and benefits paid  | <u>2,972,395</u>   | <u>51</u>     | <u>3,068,773</u>     | <u>51</u>     | ( 3 )                          |

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| Code  |  | 2020       |    | 2019           |       | Variation<br>percentage<br>(%) |
|-------|--|------------|----|----------------|-------|--------------------------------|
|       |  | Amount     | %  | Amount         | %     |                                |
|       | Net change in other liabilities<br>(Note 38)                 |            |    |                |       |                                |
| 51320 | Net change in claim<br>reserves                              | \$ 112,637 | 2  | ( \$ 113,104 ) | ( 2 ) | 200                            |
| 51340 | Net change in special<br>claim reserves                      | 27,094     | -  | ( 6,035 )      | -     | 549                            |
| 51350 | Net change in premium<br>deficiency reserves                 | ( 10,017 ) | -  | ( 5,756 )      | -     | 74                             |
| 51300 | Total net change in<br>other liabilities                     | 129,714    | 2  | ( 124,895 )    | ( 2 ) | 204                            |
| 51510 | Commission expenses (Note<br>38)                             | 982,117    | 17 | 946,137        | 16    | 4                              |
| 51600 | Service charges (Note 38)                                    | 139,699    | 2  | 139,269        | 2     | -                              |
|       | Other operating costs  |            |    |                |       |                                |
| 51810 | Contribution to insurance<br>stabilization fund<br>(Note 38) | 14,142     | -  | 13,758         | -     | 3                              |
| 51830 | Interest expenses  | 36         | -  | 41             | -     | ( 12 )                         |
| 51850 | Loss on exchange -<br>non-investment (Note<br>25)            | 8,124      | -  | 2,017          | -     | 303                            |
| 51890 | Other operating costs -<br>Others                            | 502        | -  | -              | -     | -                              |
| 51800 | Total other operating<br>costs                               | 22,804     | -  | 15,816         | -     | 44                             |
| 51000 | Total operating costs  | 4,246,729  | 72 | 4,045,100      | 67    | 5                              |
| 60000 | Gross profit   | 1,607,943  | 28 | 2,004,097      | 33    | ( 20 )                         |
|       | Operating expenses (Notes 25 and<br>31)                      |            |    |                |       |                                |
| 58100 | Selling expenses   | 1,304,170  | 22 | 1,234,408      | 20    | 6                              |
| 58200 | Administrative expenses                                      | 93,042     | 2  | 101,880        | 2     | ( 9 )                          |
| 58300 | Staff training expenses                                      | 2,680      | -  | 3,619          | -     | ( 26 )                         |
| 58000 | Total operating expenses                                     | 1,399,892  | 24 | 1,339,907      | 22    | 4                              |
| 61000 | Operating profit   | 208,051    | 4  | 664,190        | 11    | ( 69 )                         |
|       | Non-operating income and<br>expenses                         |            |    |                |       |                                |
| 59400 | Asset retirement loss  | ( 2,710 )  | -  | ( 476 )        | -     | 469                            |
| 59500 | Recovery of bad and overdue<br>debts                         | 20         | -  | -              | -     | -                              |
| 59920 | Sundry income  | 697        | -  | -              | -     | -                              |
| 59990 | Sundry expenses (Note 16)                                    | ( 113 )    | -  | ( 89 )         | -     | 27                             |
| 59000 | Total non-operating<br>income and expenses                   | ( 2,106 )  | -  | ( 565 )        | -     | 273                            |
| 62000 | Pre-tax profit from continuing<br>operations                 | 205,945    | 4  | 663,625        | 11    | ( 69 )                         |

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| Code  |  | 2020              |          | 2019              |           | Variation<br>percentage<br>(%) |
|-------|--|-------------------|----------|-------------------|-----------|--------------------------------|
|       |  | Amount            | %        | Amount            | %         |                                |
| 63000 | Income tax expenses (Notes 4 and 26)   | <u>53,063</u>     | <u>1</u> | <u>82,657</u>     | <u>2</u>  | ( 36 )                         |
| 66000 | Current net income   | <u>152,882</u>    | <u>3</u> | <u>580,968</u>    | <u>9</u>  | ( 74 )                         |
|       | Other comprehensive income (Note 24)   |                   |          |                   |           |                                |
| 83100 | Items not reclassified into profit and loss  |                   |          |                   |           |                                |
| 83110 | Remeasurement of defined benefit plan (Notes 4 and 22)   | 1,288             | -        | ( 1,799 )         | -         | 172                            |
| 83180 | Income tax on items not reclassified into profit and loss (Note 26)                              | ( \$ 258 )        | -        | \$ 360            | -         | ( 172 )                        |
| 83190 | Gains/losses on valuation of equity instruments at fair value through other comprehensive income | <u>34,436</u>     | <u>-</u> | <u>387,894</u>    | <u>7</u>  | ( 91 )                         |
|       | Total items not reclassified into profit and loss  | <u>35,466</u>     | <u>-</u> | <u>386,455</u>    | <u>7</u>  | ( 91 )                         |
| 83200 | Items likely to be reclassified into profit and loss   |                   |          |                   |           |                                |
| 83290 | Gains/losses on debt instruments at fair value through other comprehensive income                | <u>51,592</u>     | <u>1</u> | <u>22,498</u>     | <u>-</u>  | 129                            |
| 83000 | Other comprehensive income - current (net, after tax)  | <u>87,058</u>     | <u>1</u> | <u>408,953</u>    | <u>7</u>  | ( 79 )                         |
| 85000 | Total comprehensive income - current   | <u>\$ 239,940</u> | <u>4</u> | <u>\$ 989,921</u> | <u>16</u> | ( 76 )                         |
|       | Earnings per share (Note 27)   |                   |          |                   |           |                                |
| 97500 | Basic  | <u>\$ 0.51</u>    |          | <u>\$ 1.93</u>    |           |                                |
| 98500 | Diluted  | <u>\$ 0.51</u>    |          | <u>\$ 1.93</u>    |           |                                |

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

Chairman: C. H. Lee

Manager: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.  
Statement of Changes in Equity  
For periods from January 1 to December 31, 2020 and 2019

Unit: NTD thousands

| Code |   | Share capital (Note 24) | Retained earnings (Note 24) |                     |                        | Other equity items (Note 24)   | Total equity        |
|------|---|-------------------------|-----------------------------|---------------------|------------------------|--|---------------------|
|      |   |                         | Legal reserve               | Special reserve     | Undistributed earnings | Unrealized gains/losses on financial assets at fair value through other comprehensive income |                     |
| A1   | Balance as of January 1, 2019   | \$ 3,011,638            | \$ 1,156,391                | \$ 1,530,505        | \$ 243,074             | \$ 27,302  | \$ 5,968,910        |
|      | Appropriation and distribution of earnings:   |                         |                             |                     |                        |  |                     |
| B1   | Legal reserve   | -                       | 90,358                      | -                   | ( 90,358 )             | -  | -                   |
| B3   | Special reserve   | -                       | -                           | 209,612             | ( 209,612 )            | -  | -                   |
| B5   | Cash dividend   | -                       | -                           | -                   | ( 147,570 )            | -  | ( 147,570 )         |
| D1   | 2019 net income   | -                       | -                           | -                   | 580,968                | -  | 580,968             |
| D3   | 2019 other comprehensive income   | -                       | -                           | -                   | ( 1,439 )              | 410,392  | 408,953             |
| D5   | 2019 total comprehensive income   | -                       | -                           | -                   | 579,529                | 410,392  | 989,921             |
| Q1   | Disposal of equity instruments at fair value through other comprehensive income (Note 8(1)) | -                       | -                           | -                   | 30,671                 | ( 30,671 )   | -                   |
| Z1   | Balance as at December 31, 2019   | 3,011,638               | 1,246,749                   | 1,740,117           | 405,734                | 407,023  | 6,811,261           |
|      | Appropriation and distribution of earnings:   |                         |                             |                     |                        |  |                     |
| B1   | Legal reserve   | -                       | 116,194                     | -                   | ( 116,194 )            | -  | -                   |
| B3   | Special reserve   | -                       | -                           | 176,385             | ( 176,385 )            | -  | -                   |
| B5   | Cash dividend   | -                       | -                           | -                   | ( 289,117 )            | -  | ( 289,117 )         |
| D1   | 2020 net income   | -                       | -                           | -                   | 152,882                | -  | 152,882             |
| D3   | 2020 other comprehensive income   | -                       | -                           | -                   | 1,030                  | 86,028   | 87,058              |
| D5   | 2020 total comprehensive income   | -                       | -                           | -                   | 153,912                | 86,028   | 239,940             |
| Q1   | Disposal of equity instruments at fair value through other comprehensive income (Note 8(1)) | -                       | -                           | -                   | 200,725                | ( 200,725 )  | -                   |
| Z1   | Balance as of December 31, 2020   | <u>\$ 3,011,638</u>     | <u>\$ 1,362,943</u>         | <u>\$ 1,916,502</u> | <u>\$ 178,675</u>      | <u>\$ 292,326</u>  | <u>\$ 6,762,084</u> |

The accompanying notes are an integral part of the financial statements.  
Manager: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao

Chairman: C. H. Lee

The First Insurance Co., Ltd.  
Cash Flow Statement  
For periods from January 1 to December 31, 2020 and 2019  
Unit: NTD thousands

| Code   |  | 2020        | 2019          |
|--------|--|-------------|---------------|
|        | Cash flow from operating activities  |             |               |
| A10000 | Pre-tax profit for the current period  | \$ 205,945  | \$ 663,625    |
| A20000 | Adjustments:   |             |               |
| A20010 | Income, expenses and losses  |             |               |
| A20100 | Depreciation   | 26,108      | 20,928        |
| A20200 | Amortization   | 10,512      | 6,771         |
| A20900 | Interest expenses  | 150         | 130           |
| A21200 | Interest income  | ( 87,428 )  | ( 95,210 )    |
| A21300 | Dividend income  | ( 110,529 ) | ( 127,887 )   |
| A21400 | Net change of various reserves - current                                       | 325,216     | ( 675,348 )   |
| A21830 | Expected credit impairment loss (reversal gain) on investment                  | ( 954 )     | 4,835         |
| A22500 | Loss on disposal of property, plant and equipment                              | 2,505       | 476           |
| A22700 | Loss on disposal of investment property  | 205         | -             |
| A22900 | Gain on lease modification   | ( 4 )       | -             |
| A24100 | Unrealized loss on foreign exchange  | 35,700      | 14,506        |
| A50000 | Change in assets/liabilities related to operating activities                   |             |               |
| A51110 | Notes receivable   | ( 4,234 )   | 23,904        |
| A51120 | Premiums receivable  | 105,736     | 116,919       |
| A51130 | Other receivables  | 3,047       | 133,402       |
| A51140 | Gains on financial assets or liabilities at fair value through profit and loss | ( 325,892 ) | 2,022,786     |
| A51141 | Financial assets at fair value through other comprehensive income              | 252,992     | ( 2,118,191 ) |
| A51145 | Debt instrument investments measured at cost after amortization                | ( 230,000 ) | ( 197,521 )   |
| A51160 | Other financial assets   | ( 120,715 ) | ( 100,208 )   |
| A51170 | Reinsurance Contracts Assets   | 118,920     | 637,537       |
| A51190 | Guarantee deposits paid  | ( 2,649 )   | 4,251         |
| A51990 | Other assets   | ( 6,477 )   | ( 28,474 )    |
| A52110 | Notes payable  | ( 6,364 )   | 12,186        |
| A52120 | Claims payable   | 2,986       | ( 4,445 )     |

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| Code                                |   | 2020                | 2019                |
|-------------------------------------|---|---------------------|---------------------|
| A52140                              | Commission payable  | \$ 5,463            | \$ 2,981            |
| A52150                              | Reinsurance accounts payable  | ( 92,917)           | ( 51,403)           |
| A52160                              | Other payables  | 43,180              | ( 3,381)            |
| A52200                              | Provisions for employee benefits                                    | ( 25,919)           | ( 9,504)            |
| A52240                              | Guarantee deposits received   | ( 584)              | -                   |
| A52990                              | Other liabilities   | <u>16,588</u>       | <u>( 15,074)</u>    |
| A33000                              | Cash inflow from operating activities                               | 140,587             | 238,591             |
| A33100                              | Interests received  | 101,204             | 89,612              |
| A33200                              | Dividends received  | 110,529             | 127,887             |
| A33300                              | Interests paid  | ( 150)              | ( 130)              |
| A33500                              | Income tax paid   | <u>( 100,674)</u>   | <u>( 59,039)</u>    |
| AAAA                                | Net cash inflow from operating activities                           | <u>251,496</u>      | <u>396,921</u>      |
| Cash flow from investing activities |   |                     |                     |
| B02700                              | Acquisition of property, plant and equipment                        | ( 22,507)           | ( 8,589)            |
| B04500                              | Acquisition of intangible assets                                    | <u>( 18,342)</u>    | <u>( 3,019)</u>     |
| BBBB                                | Net cash outflow from investing activities                          | <u>( 40,849)</u>    | <u>( 11,608)</u>    |
| Cash flow from financing activities |   |                     |                     |
| C04020                              | Repayment of lease principal  | ( 2,564)            | ( 1,853)            |
| C04500                              | Cash dividends paid   | <u>( 289,117)</u>   | <u>( 147,570)</u>   |
| CCCC                                | Net cash outflow from financing activities                          | <u>( 291,681)</u>   | <u>( 149,423)</u>   |
| DDDD                                | Effect of changes in the exchange rate on cash and cash equivalents | ( 3,656)            | ( 2,774)            |
| EEEE                                | Increase (decrease) in cash for the current period                  | ( 84,690)           | 233,116             |
| E00100                              | Opening cash balance  | <u>1,860,014</u>    | <u>1,626,898</u>    |
| E00200                              | Closing cash balance  | <u>\$ 1,775,324</u> | <u>\$ 1,860,014</u> |

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

Chairman: C. H. Lee

Manager: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao

# The First Insurance Co., Ltd.

## Earnings Appropriation Chart

2020

Unit: NTD

| Item  | Amount          |
|---|-----------------|
| Opening undistributed earnings  | \$2,266,487     |
| Remeasured amount of defined benefit plans recognized into retained earnings  | 1,030,017       |
| The accumulated gains or losses from disposal of the investment in equity instruments at fair value through other comprehensive income are transferred directly into retained earnings. | 200,724,837     |
| Adjusted undistributed earnings   | 200,021,341     |
| Add: Current net income   | 152,881,838     |
| Add: Reversal of 2016 to 2018 special reserve for FinTech development (Note 3)  | 645,953         |
| Less: Provision for legal reserve (1)   | (70,927,338)    |
| Less: Provision for special reserve (Note 2)  | (178,228,378)   |
| Distributable earnings in the current period  | 108,393,416     |
| Distributions:  |                 |
| Bonus to shareholders (cash dividend at NT\$0.35 per share)   | (\$105,407,324) |
| Closing undistributed earnings  | \$2,986,092     |

Note 1: Determined according to the Insurance Act and the Articles of Incorporation.

Note 2: Determined according to Articles 8, 9 and 10 of "Regulations Governing Provision of Reserves for Insurance Industry."

Note 3: Provided in accordance with Letter Jin-Guan-Bao-Cai-Zi No. 10804932431 issued by the authority.

Note 4: The Company's distribution of bonus to shareholders was based on the 301,163,784 outstanding shares in total.

Chairman: C. H. Lee

Manager: Chu-Minn Leu

Head of Accounting: Fei-Fen Hsiao

**The First Insurance Co., Ltd.**  
**Cross Reference Table for Amendments to Rules of Procedure for**  
**Shareholders' Meeting**

| Amended clauses   | Existing clauses  | Description  |
|---|---|--|
| <p>Article 2<br/> (Skipped paragraphs 1 to 2)<br/> The meeting advice and announcement must state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient. Election or dismissal of directors, amendment of Articles of Incorporation, dismissal of the Company, merger, divestment, and any issues listed in Paragraph 1, Article 185 of The Company Act, <a href="#">Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</a> must be notified in advance as part of the meeting agenda. It can not be raised in the form of special motion.</p> <p>(Skipped Paragraph 4)<br/> Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may</p> | <p>Article 2<br/> (Skipped paragraphs 1 to 2)<br/> The meeting advice and announcement must state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as special motions; <a href="#">the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</a></p> <p>(Skipped Paragraph 4)<br/> Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may</p> | <p>In response to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meeting” published under TWSE’s letters dated June 3, 2020 and January 28, 2021, certain provisions were amended accordingly.</p> |



|   |   |  |
|---|---|--|
| <p>propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. In case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Any shareholder may propose any suggestive motion to urge the Company to promote public interests or fulfill its social responsibilities. Procedurally, only one matter shall be allowed in each single proposal. <u>If a proposal contains more than one matter, such proposal shall not be included in the agenda, in accordance with Article 172-1 of the Company Act.</u></p> <p>(Skipped paragraphs 6 to 8)</p> | <p>propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. In case a proposal contains more than one matter, such proposal shall not be included in the agenda. <u>However, the Board of Directors may include proposals from shareholders to urge the Company to promote the public interest or fulfill its social responsibility.</u> In addition, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>(Skipped paragraphs 6 to 8)</p> |  |
| <p>Article 10<br/>The chairperson shall call the meeting to order at the appointed meeting time, <u>and also announce the information about the number of present shareholders without voting right and number of shares represented by all present shareholders at the same time.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a</p>   | <p>Article 10<br/>The chairperson shall call the meeting to order at the appointed meeting time, provided, however, that if the total amount of shares represented at the meeting do not exceed one-half of the total number of the issued shares, the chairperson may postpone the meeting. The postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the attending shareholders represent more than one-thirds but less than</p>  | <p>In response to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meeting" published under TWSE's letter dated January 28, 2021, certain provisions were amended accordingly.</p> |

|   |   |  |
|---|---|--|
| <p>combined total of no more than one hour, may be made. If the attending shareholders represent more than one-thirds but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month.</p> <p>(Skipped Paragraph 2)</p> | <p>half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month.</p> <p>(Skipped Paragraph 2)</p>                          |  |
| <p>Article 22<br/>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company. The voting results shall be announced on-site immediately, including the names of those elected as directors and the number of votes with which they are elected, <u>and the name list of directors losing the election and number of votes received by them.</u></p> <p>(Skipped Paragraph 2)</p>              | <p>Article 22<br/>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they are elected.</p> <p>(Skipped Paragraph 2)</p> | <p>In response to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meeting" published under TWSE's letter dated January 28, 2021, certain provisions were amended accordingly.</p> |

**The First Insurance Co., Ltd.**  
**Cross Reference Table for the Amendments to Procedure for  
Election of Directors**

| Amended clauses   | Existing clauses   | Description   |
|---|--|---|
| Article 1<br>To ensure a just, fair, and open election of directors, the Procedure is adopted pursuant to Article 20 of the Company's Articles of Incorporation.  | Article 1<br>To ensure a just, fair, and open election of directors, the Procedure is adopted pursuant to Article <u>21</u> of the Company's Articles of Incorporation.  | Amend certain words in response to the Articles of Incorporation  |
| Article 4<br>The election of directors (including independent directors) of the Company shall be conducted under the nomination system prescribed in Article 192-1 of the Company Act.<br><br>When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.<br>When the number of independent directors is lower than the requirement in Paragraph 1 of Article 14-2 of the Securities and Exchange Act, a by-election for independent director shall be held at the next | Article 4<br>The election of directors (including independent directors) of the Company shall be conducted under the nomination system prescribed in Article 192-1 of the Company Act. <u>The Company shall review the qualifications, academic background, working experience, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the review results to shareholders for their reference so that qualified directors (including independent directors) will be elected.</u><br><br>When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.<br>When the number of independent directors is lower than the requirement in Paragraph 1 of Article 14-2 of the Securities and Exchange Act <u>and Taiwan Stock Exchange Corporation Rules Governing</u> | Amend certain provisions in response to the amendments to Article 192-1 of the Company Act that simplify the operating procedure for nomination of director candidates. |

|   |   |   |
|---|---|---|
| <p>following shareholders' meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.</p>  | <p><u>Review of Securities Listings</u>, a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.</p>  |   |
| <p>Article 5<br/>The uni-nominal reserve voting method shall be used for the election of the directors (including independent directors) of the Company. Each share shall have voting rights in number equal to the number of persons to be elected and may be cast for a single candidate or split among multiple candidates. <u>The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting.</u> Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p> | <p>Article 5<br/>The uni-nominal reserve voting method shall be used for the election of the directors (including independent directors) of the Company. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. <u>When electing directors (including independent directors) of the Company</u>, each share shall have voting rights in number equal to the number of persons to be elected and may be cast for a single candidate or split among multiple candidates.</p> | <p>Adjust the order and amend the words in part in response to Article 6 and Article 7 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors.</p>   |
|   | <p><u>Article 9</u><br/><u>A voter has to specify the candidate's account name in the "candidate" column of the ballot, in addition to the candidate's shareholder account number, if any. If the candidate is a shareholder, the voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall</u></p>  | <p>In response to the Company's adoption of the candidate nomination system, shareholders shall elect the directors from the roster of director candidates/ As the information about name, academic degree and work experience of each candidate may be accessed by shareholders from the roster prior to a</p> |

|   |   |  |
|---|---|--|
|   | <p><u>enter the candidate's full name and ID card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</u></p>   | <p>shareholders' meeting, there is no need to use shareholders' account number or ID No. to identify a candidate, and this provision is deleted accordingly.</p>   |
| <p><u>Article 9</u><br/>A <u>ballot paper</u> is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li><u>1. The ballot is not the one prepared by the convener.</u></li> <li><u>2. Blank ballots are casted into the ballot box.</u></li> <li><u>3. Ballots with illegible writing or are altered.</u></li> <li><u>4. The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></li> <li><u>5. Other words are entered in addition to the number of voting rights allotted.</u></li> </ol> | <p><u>Article 10</u><br/>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li><u>1. The ballot is not the one prescribed herein.</u></li> <li><u>2. Blank ballots are casted into the ballot box.</u></li> <li><u>3. The writing of the candidate's account name is unclear and indecipherable.</u></li> <li><u>4. Where the candidate is a shareholder, the written identity and shareholder account number do not match the roster of shareholders; or where the candidate is a non-shareholder, the written name and ID card number do not match.</u></li> <li><u>5. Ballots that contain writings in addition to the candidate's account name (name) and name of the juristic person shareholder's representative, and shareholder account number (or ID card No.) and the number of voting rights allotted.</u></li> </ol> | <ol style="list-style-type: none"> <li>1. Adjust the Article No.</li> <li>2. Amend the words in subparagraph 1 in response to Article 173 of the Company Act providing that shareholder(s) may, after obtaining approval from the competent authority, convene a shareholders' meeting under specific circumstances.</li> <li>3. Amend subparagraph 4 and subparagraph 5, and delete the subparagraph 6, in response to the nomination system adopted for the election of directors, requiring that shareholders shall elect directors from the roster of director candidates.</li> <li>4. Include the amended subparagraph 3, formerly known as subparagraph 7, in response to the</li> </ol> |

|  |  |   |
|--|--|---|
|  | <p><u>6. The candidate's account name entered in the ballot is identical to another shareholder's name, but no shareholder account number (ID No.) is provided in the ballot to identify such individual.</u></p> <p><u>7. The words on the ballot are altered.</u></p> <p><u>8. The number of votes specified on the ballot exceeds that to be represented.</u></p>                 | <p>Sample Template for XXX Co., Ltd.<br/>Procedures for Election of Directors.</p> <p>5. The subparagraph 8 was supposed to be invalid and, therefore, was deleted.</p> |
| <u>Article 10</u>  | <u>Article 11</u>  | Adjust the Article No.  |
| <p><u>Article 11</u></p> <p>The Procedure shall take effect once approved during a shareholders' meeting. The same shall apply where the Procedure is amended.</p> | <p><u>Article 12</u></p> <p>The Procedure shall take effect once approved during a shareholders' meeting. The same shall apply where the Procedure is amended.</p> <p><u>The deletion of requirements about supervisors in the Procedure shall take effect after the 18th-term supervisors have served their term of office or agreed to dismissal of the whole supervisors.</u></p> | <p>Adjust the Article No., and delete related transitional clauses in response to the establishment of the Audit Committee in replace of supervisors.</p>               |

# The First Insurance Co., Ltd. Shareholders Conference Rules

Passed during AGM dated June 23, 2020

1. Unless otherwise specified by law or the Articles of Incorporation, the shareholders' meetings of The First Insurance Co., Ltd. (hereinafter referred to as the Company) shall proceed according to the following rules.
2. Unless otherwise specified by law, shareholder meetings are to be convened by the board of directors.

The Company shall compile an electronic file that contains the meeting advice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the re-election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting manual and supplementary information shall be prepared and posted onto MOPS. Physical copies of the shareholder meeting manual and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also be placed within the Company's premises and at the share administration agency, and distributed on-site during the shareholder meeting.

The meeting advice and announcement must state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as special motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Where re-election of all directors, as well as their inauguration date, is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any special motion or otherwise in the same meeting.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. In case a proposal contains more than one matter, such proposal shall not be included in the agenda. However, the Board of Directors may include proposals from shareholders to urge the Company to promote the public interest or fulfill its social responsibility. In addition, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general meeting of shareholders is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or

electronically, and the location and time period for their submission, and the period for submission of shareholder proposals may not be less than 10 days.

Any proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and discuss the proposal.

Prior to the date for issuance of notice of an annual general meeting, the Company shall inform the shareholders who submit proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included as motions at the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the annual general meeting to be convened.

3. Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

4. The meeting advice must specify details such as meeting time, venue, and important notes where relevant.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book.

The number of shares represented by shareholders present at the meeting shall be calculated in accordance with those indicated on the sign-in book or the attendance cards, as well as shares with voting rights exercised in writing or by means of electronic transmission.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Prepare additional ballots if director election is also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one representative may attend shareholder meetings on their behalf. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholder meeting.

5. Attendance and votes during shareholder meetings shall be calculated based on number of shares held.
6. Shareholder meetings shall be held at locations that are suitable and convenient for



shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM.

7. Unless otherwise specified in The Company Act, shareholder meetings shall be convened by the board of directors and chaired by the Chairman. If the Chairman is unable to fulfill duties due to leave of absence or any other reason, a person of acting duty shall be appointed according to Article 208 of The Company Act. For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

The role of acting chairperson mentioned above shall be assumed by a director who has been on the board for more than six months and understands the Company's financial and business performance. The same applies if the chairperson is a representative of a corporate director. Shareholder meetings that are convened by the board of directors should be chaired by the Chairman and attended personally by more than half of the board, with at least one representative from each functional committee present at the meeting. Attendance of the above participants shall be recorded in details in the shareholder meeting minutes.

8. The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.

Organizers of the shareholder meeting must wear proper identification or arm badges.

9. The Company shall record non-stop, in audio or video, from the time admission is accepted and throughout the entire meeting proceeding, voting and vote counting.

These recordings need to be maintained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

10. The chairperson should announce the commencement of meeting as soon as it is due. However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If the attending shareholders represent more than one-thirds but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final vote according to Article 174 of The Company Act.

11. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate motion in the agenda (including special motions and amendments to the original motions set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of a shareholders' meeting.

The above rule also applies if the shareholder meeting is convened by any authorized party other than the board of directors.

Before the parliamentary procedure is accomplished in accordance with the agenda (including extempore motions) as stated in the preceding two paragraphs, the chairperson cannot announce the adjournment of the meeting unless with the resolution rendered by the shareholders.

Once the meeting has been dismissed, shareholders may not elect to continue the meeting with another chairperson or at a different venue unless the chairperson is found to have dismissed the meeting in violation of the conference rules. In the latter case, the meeting may continue with a separate chairperson that has the support of more than half of voting

rights represented at the meeting.

12. Shareholders (or proxies thereof) may propose amendments or alternative solutions to the original items listed on the agenda and may raise new discussions by way of special motions.
13. Shareholders who wish to speak during the meeting must first produce an opinion slip detailing the topic and shareholder account number (or attendance card number). The order of shareholders' comments shall be determined by the chairperson.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall be taken into record.

While a shareholder is speaking, other shareholders can not speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

14. Shareholder cannot speak for more than two times, for 5 minutes each, on the same topic without the consent of the chairperson. The chairperson may restrain shareholders in violation of the above rule or interrupt any comments that are irrelevant to the topics discussed.
15. Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak for each discussed topic.
16. After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.
17. Voting rights in a shareholder meeting are calculated based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders may not vote on decisions that pose a conflicting interest between them and the Company, and neither shall they exercise voting rights on behalf of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

18. The chairperson shall allow ample opportunity during the meeting to explain and discuss proposals and amendments or special motions put forward by the shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
19. The chairperson will appoint a ballot examiner and a ballot counter; the ballot examiner must be a shareholder.

Discussion and election votes are to be counted openly at the shareholder meeting. Results of the vote, including the final tally, must be announced on-site and recorded in minutes.

20. The chairperson may put the meeting in recess at appropriate times. In the occurrence of force majeure event, the chairperson may suspend the meeting temporarily and resume at another time.

If the shareholders' meeting is unable to conclude all agenda items (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of The Company Act.

21. Shareholders are entitled to one vote per share, except for shares that are subject to voting

restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.

Voting rights can be exercised using the electronic method or in writing. Instructions for exercising voting rights in writing or using the electronic form must be clearly stated on the shareholder meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original discussions that may arise during the shareholder meeting. For this reason, the Company should avoid proposing special motions and amendments to the original agendas where possible.

Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous instruction.

Shareholders who wish to attend the shareholder meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholder meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise specified in The Company Act or the Articles of Incorporation, a decision is passed with the consent of shareholders representing more than half of total voting interests in the meeting. When voting, the chairperson or delegate thereof shall announce the total number of voting rights represented by attending shareholders for every agenda item discussed, and have shareholders vote on a case-by-case basis. Details on the number of votes in favor, against, and abstained for each discussion shall be uploaded onto MOPS on the same day after the shareholder meeting has ended.

22. Shareholder meetings that involve election of directors shall proceed according to the Company's election policy. Results of the election, including the list of elected directors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

23. Shareholder meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

The Company may disseminate meeting minutes by posting details onto MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

24. During the shareholder meeting, the Company shall publish information regarding the number of shares acquired by proxy form acquirers and the number of shares represented by proxies using the prescribed format.

The Company must disclose on MOPS any shareholder meeting resolutions that constitute material information as defined by law or the rules Taiwan Stock Exchange Corporation.

25. In cases where several amendment or alternative solutions have been proposed at the same

time, the chairperson shall determine the order in which the proposals are voted. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

26. The chairperson may appoint picketers (or security staff) to help maintain order in the meeting. While maintaining order at the meeting, all picketers (security staff) must wear arm badges that identify their role as "Picketeer."

The chairperson may stop anyone who attempts to speak using instruments that are not provided by the Company.

The chairperson may instruct picketers or security staff to remove shareholders who continue to violate the meeting policy despite being warned by the chairperson.

27. Any matters that are not addressed in the above rules shall be governed by The Company Act, Articles of Incorporation and relevant regulations.
28. The above rules shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

# Procedure for Election of Directors of The First Insurance Co., Ltd.

Passed during AGM dated June 26, 2015

## Article 1

To ensure a just, fair, and open election of directors, the Procedure is adopted pursuant to Article 21 of the Company's Articles of Incorporation.

## Article 2

Unless otherwise specified by law or the Articles of Incorporation, the election of the Company's directors shall proceed according to the Procedure.

## Article 3

Any person with disposing capacity or government or juristic person who is a shareholder satisfying the relevant requirements may be elected as a director of the Company. Further, the appointment and compliance of independent directors shall satisfy the competent authority's requirements.

## Article 4

The election of directors (including independent directors) of the Company shall be conducted under the nomination system prescribed in Article 192-1 of the Company Act. The Company shall review the qualifications, academic background, working experience, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the review results to shareholders for their reference so that qualified directors (including independent directors) will be elected.

When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.

When the number of independent directors is lower than the requirement in Paragraph 1 of Article 14-2 of the Securities and Exchange Act and Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, a by-election for independent directors shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.

## Article 5

The uni-nominal reserve voting method shall be used for the election of the directors (including independent directors) of the Company. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. When electing directors (including independent directors) of the Company, each share shall have voting rights in number equal to the number of persons to be elected, and may be cast for a single candidate or split among multiple candidates.

## Article 6

Based on the quota set forth in the Articles of Incorporation, candidates to whom the ballots are cast represent a prevailing number of votes shall be elected as the directors at the Company's election of directors (including independent directors) (the elections of independent directors and other directors shall be consolidated, provided that the number of votes shall be counted separately). If two or more candidates receive the same number of votes, and thereby resulting in

more elects than the number of seats allocated, the candidates who receive an equal number of votes shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.

#### Article 7

Before the election begins, the chairperson shall appoint ballot examiners and ballot counters to perform various duties relating to the election. The Board of Directors shall prepare a ballot box and have it examined openly by the ballot examiners prior to voting.

#### Article 8

The Company shall produce the ballots, which shall be affixed with the Company's official seal and numbered in the order of the attendance card number, and specify the number of votes vested in the given shareholder.

#### Article 9

A voter has to specify the candidate's account name in the "candidate" column of the ballot, in addition to the candidate's shareholder account number, if any. If the candidate is a shareholder, the voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and ID card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

#### Article 10

A ballot is invalid under any of the following circumstances:

1. The ballot is not the one prescribed herein.
2. Blank ballots are casted into the ballot box.
3. The writing of the candidate's account name is unclear and indecipherable.
4. Where the candidate is a shareholder, the written identity and shareholder account number do not match the roster of shareholders; or where the candidate is a non-shareholder, the written name and ID card number do not match.
5. Ballots that contain writings in addition to the candidate's account name (name) and name of the juristic person shareholder's representative, and shareholder account number (or ID card No.) and the number of voting rights allotted.
6. The candidate's account name entered in the ballot is identical with another shareholder's name, but no shareholder account number (ID No.) is provided in the ballot to identify such individual.
7. The words on the ballot are altered.
8. The number of votes specified on the ballot exceeds that to be represented.

#### Article 11

Upon completion of the ballot casting process, the ballots shall be opened on the site. The chairperson shall announce the outcome of the election, including the names of those elected as directors (including independent directors) and the numbers of votes with which they are elected. All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the

end of the litigation.

#### Article 12

The Procedure shall take effect once approved during a shareholders' meeting. The same shall apply where the Procedure is amended.

The deletion of requirements about supervisors in the Procedure shall take effect after the 18th-term supervisors have served their term of office or agreed to dismissal of the whole supervisors.

# **The First Insurance Co., Ltd. Articles of Incorporation**

## **Chapter One General Provisions**

- Article 1: The Company is incorporated in accordance with The Company Act, and is named The First Insurance Co., Ltd.
- Article 2: The Company specializes in offering non-life insurance service for the stability of the domestic economy, welfare of the society, and prosperity of the industrial and commercial sectors.
- Article 3: The Company is headquartered in Taipei City, and may establish domestic or foreign branches to support business activities if deemed necessary. Establishment, removal and change of branch offices are subject to board of directors' resolution and approval of the local authority.
- Article 4: The Company's public announcements shall be made by publishing information in local daily newspapers that circulate in the location of the Company's office.

## **Chapter Two Business Activities**

- Article 5: The Company's business activities comprise the following:  
H501021 Non-life insurance.

## **Chapter Three Share Capital**

- Article 6: The Company has an authorized share capital of Three Billion Eleven Million Six Hundred and Thirty-seven Thousand Eight Hundred and Forty New Taiwan Dollars, which has been fully issued in three hundred and one million one hundred and sixty-three thousand seven hundred and eighty-four shares. Each share has a face value of Ten New Taiwan Dollars.
- Article 7: The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of at least three directors, subject to certification by the competent authority or any of its approved institutes. The Company is not required to print share certificates for publicly issued shares.
- Article 8: The Company may, at the request of Taiwan Depository and Clearing Corporation, produce share certificates of large denomination for outstanding shares.
- Article 9: Unless otherwise specified by law or securities regulations, all share-related affairs of the Company shall proceed according to the authority's "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10: Registration for transfer of share ownership shall be suspended during the 60 days prior to the AGM, or during the 30 days prior to an extraordinary shareholder meeting, or during the 5 days before the baseline date for dividends, bonuses or other gains distributed by the Company.

## **Chapter Four Shareholder Meetings**

- Article 11: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened once a year within six months after the end of each financial year. Extraordinary shareholder meetings may be held whenever deemed necessary, subject to compliance with the relevant laws.
- Article 12: The Company is required to notify all shareholders at least 30 days before



convention of AGM, and at least 15 days before convention of extraordinary shareholder meeting, and make corresponding public announcements in compliance with laws. Meeting advices and announcements shall specify the date, the venue, and topics to be discussed during the meeting.

Article 13: Unless otherwise specified by law, the following decisions need to be resolved in shareholder meetings:

1. Establishment and amendments to the Articles of Incorporation.
2. Election and dismissal of directors.
3. Acknowledgment of reports prepared by the board of directors and the Audit Committee, and resolution of earnings appropriation or loss reimbursement proposal.
4. Increase and reduction of share capital.
5. Other material issues and decisions that are subject to resolution in shareholder meetings, as specified by law.

Article 14: If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated in Article 177 of The Company Act, shareholders shall delegate their proxy attendants in compliance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 15: Unless otherwise specified in The Company Act, shareholder meetings shall be convened by the board of directors and chaired by the Chairman. If the Chairman is unable to fulfill duties due to leave of absence or any other reason, a person of acting duty shall be appointed according to Article 208 of The Company Act. For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

Article 16: Except otherwise regulated by law, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting. However, resolution of the following decisions would require the attendance (personal or proxy) of shareholders representing more than two-thirds of total voting rights, with more than half of voting rights represented in the meeting voting in favor.

1. Acquisition or merger of another domestic or foreign enterprise.
2. Dismissal, liquidation or divestment of the Company.

Article 17: The Company's shareholders are entitled to one vote for every share held unless otherwise specified in The Company Act or the Articles of Incorporation. However, shareholders that meet the conditions outlined in Article 179 of The Company Act are not entitled to vote.

Article 18: Shareholder meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Preparation of meeting minutes shall comply with Article 183 of The Company Act.

## Chapter Five Board of Directors

Article 19: The Board shall consist of 11 to 13 directors elected from persons of adequate capacity during the shareholder meeting. Candidates shall be chosen using the nomination system in accordance with Article 192-1 of The Company Act, and the

election shall proceed according to the Company's "Procedure for Election of Directors." The director seats mentioned above shall include at least 2 independent directors who account for no lesser than one-fifth of total director seats. Independent directors' seats, nomination and election shall also comply with the laws of the securities authority.

Directors are elected to serve a term of 3 years, which can be renewed if re-elected. A Chairman shall be elected among directors during a board meeting with more than two-thirds of directors present, and with the support of more than half of attending directors. The Chairman serves as the Company's representative to the outside world. If the Chairman is unable to perform duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of The Company Act. However, matters concerning appointment of independent directors must still comply with the authority's rules.

Once the Company has made a public offering of shares, directors' total shareholding shall comply with the rules of the securities authority.

The board of directors should assemble committees of various functions including audit, risk management and remuneration to assist the board in supervising and managing the Company's operations.

Functional committees shall report directly to the board of directors, and present proposals for the board's resolution. However, this excludes Audit Committee's duties as corporate supervisors, as defined in the Securities and Exchange Act, The Company Act and other related laws.

Each functional committee shall implement a separate foundation principle, which is subject to resolution by the board of directors. The foundation principles shall cover details including the number of committee members, terms of service, responsibilities, conference rules, and resources that the Company is bound to provide to assist committees with their duties.

Article 20: The Company shall comply with The Company Act and implement fair, just and open procedures for the election of its directors.

If the board loses more than one-third of its directors, the Company shall convene an extraordinary shareholder meeting within 60 days to elect new directors for the shortfall.

Article 21: Responsibilities of the board of directors are as follows:

- (1) Review and approve the Company's organization policy and Articles of Incorporation.
- (2) Outline business strategies.
- (3) Approve acquisition, construction and disposal of real estate properties.
- (4) Review and approve budgets and year-end account closure.
- (5) Appointment and dismissal of key personnel.
- (6) Approve proposals raised by the Chairman and the President.
- (7) Establish, amend and abolish major contracts.
- (8) Propose earnings appropriation or loss reimbursement plan.
- (9) Propose capital increment and reduction plan.
- (10) Perform duties outlined in Article 14-3 of the Securities and Exchange Act and related laws and exercise authorities vested by shareholders.
- (11) Approval of functional committee foundation rules.

For any decisions that need to be resolved through a board meeting under Article 14-3 of the Securities and Exchange Act, the independent directors must be involved either by attending the meetings personally or by appointing other independent directors as proxy attendants. All objections and qualified opinions

expressed by independent directors must be detailed in the board of directors meeting minutes. If the independent director is unable to express objections or qualified opinions in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in the board of directors meeting minutes unless there is justifiable reason not to do so.

- Article 22: Board of directors meetings are convened once per quarter, and may be held under shorter notices in the event of an emergency or at the request of more than half of board members. The Chairman serves as the convener and shall chair the meeting in either cases. If the Chairman is unable to fulfill duties due to leave of absence or any other reason, a person of acting duty shall be appointed according to Article 208 of The Company Act.  
Meeting advices may be served in various forms such as written correspondence, fax or email.
- Article 23: Unless otherwise regulated by The Company Act, the board's resolutions shall be passed only if more than half of total board members are present in a meeting, and with more than half of attending directors voting in favor. If a board meeting is convened by way of video conference, those who participate in the meeting using video conferencing are considered to have attended the meeting in person. Directors who are unable to attend meetings personally may seek proxy attendance by another director in manners compliant with law.
- Article 24: President, Vice Presidents and other senior officers may be invited to participate in board meetings if necessary, but they are not entitled to vote.
- Article 25: The Board of Directors is authorized to determine the level of remuneration for the Chairman, directors (including independent directors) and supervisors based on individual participation and contribution to the Company's operations and in reference to industry peers.

#### Chapter Six     Audit Committee

- Article 26: The Company shall assemble an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee is responsible for carrying out duties of the supervisor, as specified in The Company Act, Securities and Exchange Act and other relevant regulations.
- Article 27: The committee shall consist entirely of independent directors with no less than 3 members. One among whom will serve as the convener, and at least one member shall possess accounting or finance expertise.  
The Committee's resolutions are made with the support of more than half of all committee members.  
Establishment of Audit Committee shall take effect after the 18th-term supervisors have served their term of office or agreed to dismissal of the whole supervisors.

#### Chapter Seven     Managers

- Article 28: The Company shall have one president and unrestricted number of vice presidents, assistant vice presidents and managers. The President oversees all affairs of the Company under the instruction of the Chairman. Responsibilities of vice presidents, assistant vice presidents and managers are to assist the President. Appointment, dismissal and remuneration of the President, vice presidents, assistant vice presidents, and managers shall comply with Article 29 of The Company Act.
- Article 29: Apart from the authorities vested to shareholders and board of directors by laws and

the Articles of Incorporation, managers, too, may represent the Company in business activities to the extent deemed necessary. The scope of delegated authority is subject to compliance with the Company's policies.

## Chapter Eight Accounting

Article 30: The Company's accounting period begins January 1 and ends December 31 each year. The board of directors is responsible for preparing the following statements and reports at the end of each financial year. These statements and reports shall be submitted to the Audit Committee for review at least 30 days before the AGM, and presented during the AGM for the final acknowledgment.

(1) Business report.

(2) Financial statements.

(3) Earnings appropriation or loss reimbursement proposals.

Article 31: Annual profits concluded by the Company are subject to employee remuneration of at least 1%, which the Board of Directors may decide to distribute in cash or shares. Employees who meet certain criteria are entitled to receive remuneration. Up to 0.6% of the aforementioned profit may be distributed as directors' remuneration at the discretion of the Board of Directors. Employee and director remuneration proposals are to be raised for resolution during shareholder meetings. Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 20% provision or reversal of special reserve as required by the authority. The Company may retain an appropriate amount of earnings before distributing the remainder to shareholders as dividends.

Article 32: The Company's dividend decisions involve several factors, including the current business environment and growth stage, its future capital requirements and long-term financial plan, and shareholders' needs for cash flow. Out of the distributable earnings, which shall be distributed as dividends to shareholders, the cash dividends shall amount to no less than 10%.

## Chapter Nine. Supplementary Clauses

Article 33: Organization rules, practical rules and other policies of the Company and branches shall be established separately.

Article 34: Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and relevant regulations.

Article 35: The Articles of Incorporation was established on August 18, 1962; the 1st amendment was made on April 20, 1967; the 2nd amendment was made on April 12, 1969; the 3rd amendment was made on March 28, 1970; the 4th amendment was made on March 21, 1971; the 5th amendment was made on April 20, 1974; the 6th amendment was made on May 22, 1976; the 7th amendment was made on June 11, 1977; the 8th amendment was made on June 17, 1978; the 9th amendment was made on June 2, 1979; the 10th amendment was made on May 28, 1981; the 11th amendment was made on June 18, 1982; the 12th amendment was made on June 29, 1985; the 13th amendment was made on June 23, 1990; the 14th amendment was

made on June 21, 1991; the 15th amendment was made on June 23, 1992; the 16th amendment was made on May 27, 1993; the 17th amendment was made on May 25, 1994; the 18th amendment was made on May 25, 1995; the 19th amendment was made on May 29, 1996; the 20th amendment was made on May 29, 1997; the 21st amendment was made on May 29, 1998; the 22nd amendment was made on May 28, 1999; the 23rd amendment was made on May 10, 2000; the 24th amendment was made on May 25, 2001; the 25th amendment was made on May 30, 2002; the 26th amendment was made on May 30, 2003; the 27th amendment was made on May 27, 2004; the 28th amendment was made on May 26, 2005; the 29th amendment was made on June 9, 2006; the 30th amendment was made on June 15, 2007; the 31st amendment was made on June 13, 2008; the 32nd amendment was made on June 25, 2010; the 33rd amendment was made on June 28, 2012; 34th amendment was made on June 26, 2015; and the 35th amendment was made on June 24, 2016.

All clauses concerning supervisors in the Articles of Incorporation shall be removed from the date the Audit Committee is assembled.

Individual director's and all directors' shareholding position as recorded in the roster of shareholders **on April 26, 2021** (the book closure date)

| Job title            | Name   | Date elected  | Tenure  | Shareholding when elected |                            | Shareholding position as at the book closure date |                            |
|----------------------|--|---------------|---------|---------------------------|----------------------------|---|----------------------------|
|                      |  |               |         | Shares                    | Proportion of shareholding | Shares  | Proportion of shareholding |
| Chairman             | Yi Chi Co., Ltd.<br>Representative: C. H. Lee                              | June 27, 2019 | 3 years | 4,928,750                 | 1.64%                      | 4,928,750   | 1.64%                      |
| Director             | Chien Yi Industrial Co., Ltd.<br>Representative: Cheng-Tsung Lee           | June 27, 2019 | 3 years | 7,335,189                 | 2.44%                      | 7,335,189   | 2.44%                      |
| Director             | Cheng-Tu Lee   | June 27, 2019 | 3 years | 3,296,991                 | 1.09%                      | 3,296,991   | 1.09%                      |
| Director             | Edward Y. C. Lee   | June 27, 2019 | 3 years | 2,807,896                 | 0.93%                      | 2,807,896   | 0.93%                      |
| Director             | Shao-Ying Lee  | June 27, 2019 | 3 years | 195,104                   | 0.06%                      | 195,104   | 0.06%                      |
| Director             | Chimax Development Company<br>Representative: Chi-Chen Tu                  | June 27, 2019 | 3 years | 1,357,389                 | 0.45%                      | 1,357,389   | 0.45%                      |
| Director             | David Huang  | June 27, 2019 | 3 years | 828,518                   | 0.28%                      | 828,518   | 0.28%                      |
| Director             | Cheng-Chin Lee   | June 27, 2019 | 3 years | 347,000                   | 0.12%                      | 347,000   | 0.12%                      |
| Director             | Chien Cheng Development Co., Ltd.<br>Representative: Tien-Ching Yang       | June 27, 2019 | 3 years | 18,806,192                | 6.24%                      | 18,806,192  | 6.24%                      |
| Director             | Da Feng Construction Engineering Co., Ltd.<br>Representative: Chien-Yi Hsu | June 27, 2019 | 3 years | 15,823,085                | 5.25%                      | 15,823,085  | 5.25%                      |
| Independent Director | Jui-Tung Lu  | June 27, 2019 | 3 years | 0                         | 0%                         | 0   | 0%                         |
| Independent Director | Jui-Chou Lin   | June 27, 2019 | 3 years | 0                         | 0%                         | 0   | 0%                         |
| Independent Director | Hsiu-Mei Lin   | June 27, 2019 | 3 years | 0                         | 0%                         | 0   | 0%                         |

The Company has a paid-up capital of NT\$3,011,637,840 (301,163,784 shares).

☆ Whole directors' minimum required shareholding: 5.00%; 15,058,189 shares

★ Based on shareholder registry as at the book closure date

Whole directors' shareholding: 18.5%; 55,726,114 shares