

Stock ID: 2852

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



2022 Annual General Meeting

## **Meeting Handbook**

Method for convening the meeting: Convened in a tangible form.

AGM Date: June 23, 2022

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

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## **2022 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. Election Matters
7. Other discussions and special motions
8. Dismissal

## **2022 Annual General Meeting Agenda of The First Insurance Co., Ltd.**

1. Time: 9:00 am, June 23 (Thursday), 2022
2. Venue: First Conference Hall, Haihua Financial Center, B1, No. 88, Section 2, Zhongxiao East Road, Taipei City
3. Method for convening the meeting: Convened in a tangible form.
4. Chairperson's opening remarks
5. Reports
  - (1) The Company's 2021 Business Report (please see pages 6~8).
  - (2) The Company's 2021 Audit Committee Report (please see page 9).
  - (3) The Company's 2021 Director and Employee Remuneration Report (please see page 10).
  - (4) Amendments to certain provisions of the Company's Rules of Procedure for Board of Directors Meeting (please see pages 11~12)
  - (5) Amendments to certain provisions of the Procedure Governing Use of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises (please see pages 13~24)
6. Acknowledgments

Summary: the Company's 2021 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 2021 business report and financial statements were passed during 20th meeting of the 20th Board of Directors dated March 25, 2022. The financial statements were subsequently audited by Deloitte Taiwan and reviewed by the Audit Committee, for 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 6~8 and pages 29~36).

Resolution:

## 7. Discussions:

- (1) Summary: appropriation of the Company's 2021 earnings (proposed by the Board of Directors).

Description: please refer to the Earnings Appropriation Chart (page 37) for details regarding appropriation of the Company's 2021 earnings.

Resolution:

- (2) Summary: distribution of the Company's 2021 dividends is ready for approval (proposed by the Board of Directors).

Description: the Board of Directors has proposed to pay out NT\$364,408,179 from cumulative undistributed earnings as cash dividends. Based on the 301,163,784 shares outstanding, the payout is equivalent to NT\$1.21 per share. The amount of cash dividends receivable by shareholders will be rounded off 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 dividends is allocated. The Board of Directors shall be authorized to determine details related to the cash dividends, 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 "Articles of Incorporation" are ready for approval (proposed by the Board of Directors).

Description: amend certain provisions in response to Article 161-2,

Article 172-2 and Article 240 of the Company Act and the Company's practical operations.

2. Enclosed please find the “Cross Reference Table for Amendments to Articles of Incorporation of the First Insurance Co., Ltd.” (please refer to pages 38~41).

Resolution:

- (4) Summary: the amendments to certain provisions of the Company's “Articles of Incorporation” are ready for approval (proposed by the Board of Directors).

Description: 1. the Company's Procedure for Acquisition or Disposal of Assets is amended in response to the amendments to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

2. Enclosed please find the “Cross Reference Table for Amendments to Procedure for Acquisition or Disposal of Assets of The First Insurance Co., Ltd.” (please refer to pages 42~46).

Resolution:

## 8. Election Matters:

Summary: re-election of the Company's directors

Description: (1) the term of office held by the Company's directors and independent directors of 20th Board of Directors will expire on June 26, 2022. The re-election is scheduled to be carried out earlier at the AGM 2022.

- (2) According to Article 19 of the Company's Articles of Incorporation, the Board shall consist of 11 to 13 directors, including no less than 2 independent directors who shall be no less than one-fifth of the directors, elected from persons of adequate capacity during the shareholders’ meeting in accordance with the Company’s “Rules for Election of Directors.” Candidates thereof shall be chosen using the nomination system. The nomination system requirements

shall comply with Article 192-1 of The Company Act and Paragraph 2, Article 14-2 of the Securities and Exchange Act.

- (3) 13 directors (including 3 independent directors) were elected in the AGM 2022, who shall hold the position from June 23, 2022 until June 22, 2025. The qualifications of said director (independent director) candidates have been reviewed and approved during 21st meeting of 20th Board of Directors (please see pages 47~48).

Election results:

9. Other discussions and special motions:

10. Dismissal



## Business Report

Ladies and gentlemen:

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

First of all, the COVID-19 vaccination promoted by various countries in the world and lifting of domestic restrictions in certain European countries and the USA in 1H of 2021 drove the global market demand and the economy recovered strongly in the world accordingly. Benefitting from the application of emerging technologies and spread effects of business opportunities, Taiwan's investment and export/import trade are growing constantly. Though the epidemic was becoming severe locally in the middle of May and posed impact to the consumption momentum, fortunately the epidemic was controlled as a result of the efforts spent by nationals and the government. In 2H of 2021, the increasing vaccination and lifting of certain epidemic control policies, as well as multiple bailout policies released by the government drove the continuing recovery of consumption momentum. Meanwhile, the semiconductor manufacturers working on advancement of the global top process drove the in-depth local investment by the related supply chain. The rapid expansion of the demands for 5G, in-vehicle, high-speed computing and IoT in the context of the global supply restructuring shifted massive fund to Taiwan's export sales. According to the estimate by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate was 6.28% in 2021, increasing by 2.11% from 2020, i.e. YoY 3.17%.

Secondly, industry-wise, the non-life insurance industry posted total written premiums of NT\$206.7 billion in 2021, up 10.30% from the NT\$187.4 billion in 2020. The Company managed to generate NT\$7.458 billion of written premiums in 2021, which represented a 5.60% growth over NT\$7.063 billion in 2020. Below is a breakdown of the Company's 2021 business performance:

### 1. Business aspect

Fire insurance:

Premium revenues amounted to NT\$1,040,736 thousand and accounted for 13.95% of total premium revenues, representing a 0.82% decline over the

NT\$1,049,319 thousand recorded in 2020. Retained loss ratio was calculated at 28.17%.

**Marine insurance:**

Premium revenues amounted to NT\$374,904 thousand and accounted for 5.03% of total premium revenues, representing a 23.57% growth over the NT\$303,401 thousand recorded in 2020. Retained loss ratio was calculated at 47.66%.

**Auto insurance:**

Premium revenues amounted to NT\$5,172,879 thousand and accounted for 69.36% of total premium revenues, representing a 5.21% growth over the NT\$4,916,677 thousand recorded in 2020. Retained loss ratio was calculated at 58.05%.

**Other insurance:**

Premium revenues amounted to NT\$869,881 thousand and accounted for 11.66% of total premium revenues, representing a 9.63% growth over the NT\$793,487 thousand recorded in 2020. Retained loss ratio was calculated at 50.07%.

## **2. Financial aspect**

Total assets amounted to NT\$16.861 billion by the end of 2021, which was NT\$835 million higher than the NT\$16.026 billion reported at the end of 2020 and was mainly due to the increase of other financial assets. Total liabilities amounted to NT\$9.59 billion, which was NT\$326 million higher than the NT\$9.264 billion reported at the end of 2020 and was due mainly to the increase of insurance liabilities.

Looking forward to 2022, internationally, Taiwan needs to deal with certain risk variables emerging internationally that might affect its future economic outlook, such as the concern about international increasing inflation, shifting of the monetary policies adopted by multiple economies, persisting confrontation between China and the USA, rising geopolitical risk, degree of protection of vaccine against COVID-19 variants, supply chain's bottleneck problem,

intensifying issues about the global climate changes and zero-carbon transformation pressure. The international forecast institution estimates that the global economic growth rate should range from 4.28% to 4.9%. Domestically, benefitting from the global economic recovery and extensive demand for application of emerging technologies, the export demand force is expanding steadily. Besides, Taiwan's semi-conductor manufacturers continue to develop their advanced production capacity successfully. The investment by the supply chains, such as 5G and electrical vehicles, in Taiwan is expected to be expanded. The increasing oil price and raw materials & supplies cost result in the minor increase in domestic CPI. Notwithstanding, the effect posed by the government's raise in the base pay and salaries of military personnel and government employees will help recover the domestic demand. Leading organizations forecast that Taiwan's economic growth rate would range from 3.0% to 4.15% this year, which appears to be stable. 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 2021 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, for 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  
2022 Annual General Meeting of The First Insurance Co., Ltd.

Audit Committee convener:

March 25, 2022

## The Company's 2021 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\$3,935,825 and NT\$6,559,709 for the Company's 2021 director and employee (including managers) remuneration, respectively.
3. This proposal was passed during 11th meeting of 4th Remuneration Committee dated February 15, 2022, and was subsequently presented to and passed during 19th meeting of 20th Board of Directors dated February 25, 2022.

The First Insurance Co., Ltd.

Cross Reference Table for Amendments to Rules of Procedure for Board  
of Directors Meeting

Amended clauses	Existing clauses	Description
<p>Article 5</p> <p><u>The Compliance Department</u> is the parliamentary unit of the Company's Board of Directors' meetings.</p> <p>The meeting organizer is responsible for outlining the board of directors meeting agenda and preparing adequate meeting information, which will be distributed along with the meeting advice.</p> <p>Directors may request for supplemental information from the meeting organizer if they consider the prepared information to be inadequate.</p> <p>Directors may resolve to postpone certain agenda items if they consider the information presented to them to be inadequate.</p>	<p>Article 5</p> <p><u>The Planning Department</u> is the parliamentary unit of the Company's Board of Director meetings.</p> <p>The meeting organizer is responsible for outlining the board of directors meeting agenda and preparing adequate meeting information, which will be distributed along with the meeting advice.</p> <p>Directors may request for supplemental information from the meeting organizer if they consider the prepared information to be inadequate.</p> <p>Directors may resolve to postpone certain agenda items if they consider the information presented to them to be inadequate.</p>	<p>In response to the organizational adjustment, the parliamentary unit of the Board of Directors meetings is changed from the Planning Department to Compliance Department for the corporate governance operations.</p>
<p>Article 10</p> <p>When the Board convenes its meeting, <u>the Compliance Department</u> shall have relevant information ready for use at the directors' request.</p> <p>(Omitted below)</p>	<p>Article 10</p> <p>When the Board convenes its meeting, <u>the Planning Department</u> shall have relevant information ready for use at the directors' request.</p> <p>(Omitted below)</p>	<p>In response to the organizational adjustment, the parliamentary unit of the Board of Directors meetings is changed from the Planning Department to Compliance Department for the corporate governance operations.</p>
<p>Article 18</p> <p>The above rules were first established on March 8, 2005.</p> <p>The 1st amendment was made on April 27, 2006 and implemented since January 1, 2007.</p> <p>The 2nd amendment was made on April 28, 2008.</p> <p>The 3rd amendment was made on March 26, 2010.</p>	<p>Article 18</p> <p>The above rules were first established on March 8, 2005.</p> <p>The 1st amendment was made on April 27, 2006 and implemented since January 1, 2007.</p> <p>The 2nd amendment was made on April 28, 2008.</p> <p>The 3rd amendment was made on March 26, 2010.</p>	<p>Added the date (MM/DD/YY) of the current amendment.</p>

<p>The 4th amendment was made on December 26, 2012.</p> <p>The 5th amendment was made on March 28, 2016, and effected since June 24, 2016.</p> <p>The 6th amendment was made on August 28, 2017.</p> <p>The 7th amendment was made on March 28, 2018.</p> <p>The 8th amendment was made on February 27, 2020.</p> <p><u>The 9th amendment was made on July 7, 2021.</u></p>	<p>The 4th amendment was made on December 26, 2012.</p> <p>The 5th amendment was made on March 28, 2016, and effected since June 24, 2016.</p> <p>The 6th amendment was made on August 28, 2017.</p> <p>The 7th amendment was made on March 28, 2018.</p> <p>The 8th amendment was made on February 27, 2020.</p>	
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## The First Insurance Co., Ltd.

### Cross Reference Table for Amendments to Procedure Governing Use of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises

Amended clauses	Original clauses	Description
<p>Article 2</p> <p>The use of the Company's funds in special projects referred to herein shall be restricted to investments in or extension of loans for the following projects:</p> <ol style="list-style-type: none"> <li>1. Emerging and key strategic projects approved by the government.</li> <li>2. <u>Venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses or private equity funds that meet the criteria specified by the competent authority and support projects in government policies.</u></li> <li>3. Industrial zone or regional development projects approved by the government.</li> <li>4. Purchase of houses by the houseless.</li> <li>5. Cultural and educational conservation and construction.</li> <li>6. Funeral facilities not distributed as public utilities listed in Article 3.</li> <li>7. Other use in line with the government policies.</li> </ol>	<p>Article 2</p> <p>The use of the Company's funds in special projects referred to herein shall be restricted to investments in or extension of loans for the following projects:</p> <ol style="list-style-type: none"> <li>1. Emerging and key strategic projects or venture investment enterprises approved by the government.</li> <li>2. Industrial zone or regional development projects approved by the government.</li> <li>3. Purchase of houses by the houseless.</li> <li>4. Cultural and educational conservation and construction.</li> <li>5. Funeral facilities not distributed as public utilities listed in Article 3.</li> <li>6. Other uses in line with the government policies.</li> </ol>	Adjusted in response to the addition of provisions.
<p>Article 3</p> <p>The use of the Company's funds for public utilities referred to herein shall be restricted to the following utilities investment projects:</p> <ol style="list-style-type: none"> <li>1. Transportation facilities of highways, railroads, harbors, parking lots and airports.</li> <li>2. Facilities of public utilities, such as water, electricity, telecommunications, etc.</li> <li>3. Construction of social housing and elderly residence projects.</li> <li>4. Environmental protection facilities, including river, sewage, garbage and waste disposal and funeral facilities, excluding cemeteries and</li> </ol>	<p>Article 3</p> <p>The use of the Company's funds for public utilities referred to herein shall be restricted to the following utilities investment projects:</p> <ol style="list-style-type: none"> <li>1. Transportation facilities of highways, railroads, harbors, parking lots and airports.</li> <li>2. Facilities of public utilities, such as water, electricity, telecommunications, etc.</li> <li>3. Construction of social housing and elderly residence projects.</li> <li>4. Environmental protection facilities, including river, sewage, garbage and waste disposal and funeral</li> </ol>	Adjusted in response to the addition of provisions.



<p>columbariums.</p> <p>5. Construction of public-welfare facilities for public recreation.</p> <p>6. Other public utilities as promoted by the government or in line with the government's construction projects.</p> <p><u>When the Company engages in public investment in accordance with the subparagraph 6 of the preceding Paragraph, according to the regulations of the competent authority, if the Company participates through investment equity and the investee company reassigned the investment in the form of residential real estate, the percentage of the Company's capital contribution multiplying by the percentage of the parts of the real estate for residential use repaid by the investee company to the total area of the real estate project may not exceed 10%. In addition, the Company may not acquire ownership of the residential property. This restriction does not apply if the residences are provided for lease only.</u></p>	<p>facilities, excluding cemeteries and columbariums.</p> <p>5. Construction of public-welfare facilities for public recreation.</p> <p>6. Other public utilities as promoted by the government or in line with the government's construction projects.</p>	
<p>Article 5</p> <p>The investment targets of the Company, either special projects, public utilities and social welfare enterprises, shall be profitable and restricted to such companies limited by shares that are incorporated and registered in accordance with the Company Act, with the exception of such development and construction projects, loans and investments as are in line with the government policies or making contribution to long-term care institutions registered in accordance with relevant laws.</p> <p>Where the Company use its funds to invest in a special project and public utilities, the invested entity meeting any of the following criteria may be a limited partnership enterprise registered in accordance with the Limited Partnership Act without being subject to the restrictions of the company limited by shares provided in the preceding paragraph:</p> <p>1. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance</p>	<p>Article 5</p> <p>The investment targets of the Company, either special projects, public utilities and social welfare enterprises, shall be profitable and restricted to such companies limited by shares that are incorporated and registered in accordance with the Company Act, with the exception of such development and construction projects, loans and investments as are in line with the government policies or making contribution to long-term care institutions registered in accordance with relevant laws.</p> <p>Where the Company use its funds to invest in a special project and public utilities, the invested entity meeting any of the following criteria may be a limited partnership enterprise registered in accordance with the Limited Partnership Act without being subject to the restriction of company limited by shares provided</p>	<p>Adjusted in response to the addition of provisions.</p>

<p>from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses.</p> <p><u>2. The invested entity is the private equity fund listed in Subparagraph 2, Article 2.</u></p> <p><u>3. The invested entity is the cultural and educational conservation and construction project provided in Sub-paragraph 5, Article 2.</u></p> <p><u>4. Other entity regulated by the competent authority that cooperates with government policies.</u></p> <p>Where the Company use its funds to engage in investments provided in the preceding paragraph, the Company must be a limited partner in the limited partnership enterprise and meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. The Company has established internal operating rules in accordance with relevant self-regulatory rules set out by the insurance association and filed with the competent authority for reference; and</li> <li>2. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Act.</li> </ol>	<p>in the preceding paragraph:</p> <ol style="list-style-type: none"> <li>1. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses.</li> <li>2. The invested entity is the cultural and educational conservation and construction project provided in Subparagraph 4, Article 2.</li> <li>3. Other entity regulated by the competent authority.</li> </ol> <p>Where the Company use its funds to engage in investments provided in the preceding paragraph, the Company must be a limited partner in the limited partnership enterprise and meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. The Company has established internal operating rules in accordance with relevant self-regulatory rules set out by the insurance association and filed with the competent authority for reference; and</li> <li>2. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.</li> </ol>	
<p>Article 6</p> <p>The limits of the Company's investment in special projects, public utilities, and social welfare enterprises are specified as following:</p> <ol style="list-style-type: none"> <li>1. The total investment shall be no more than 10% of the insurer's capital in total.</li> <li>2. The total amount of investment in one and the same entity shall be no more than 5% of the insurer's capital except for the invested entity listed in Paragraph 2, Article 5.</li> </ol>	<p>Article 6</p> <p>The limits of the Company's investment in special projects, public utilities, and social welfare enterprises are specified as following:</p> <ol style="list-style-type: none"> <li>1. The total investment shall be no more than 10% of the Company's capital in total.</li> <li>2. The total amount of investment by the Company in one and the same entity shall be no more than 5% of the Company's capital except for the invested</li> </ol>	<p>Adjusted in response to the addition of provisions.</p>

<p>3. The investment in one and the same entity shall comply with the following requirements:</p> <p>(1) Where the invested entity is a venture investment enterprise, and the entity referred to in the subparagraph 4, Paragraph 2, Article 5, such amount shall be no more than 25% of the invested entity's paid-in capital or actual capital contribution.</p> <p><u>(2) Where the investment is made onto a private equity fund listed in Subparagraph 2, Article 2, such amount shall be no more than 20% of the invested entity's paid-in capital or actual capital contribution. However, if it meets the regulations of the competent authority, such amount shall be no more than 25% of the invested entity's paid-in capital or actual capital contribution.</u></p> <p>(3) Where the invested entity is an enterprises referred to in Article 3 and Article 4, such amount shall be no more than 45% of the invested entity's paid-in capital or actual capital contribution. The foregoing is not applied, if the Company meets the following conditions and obtains the approval of the competent authority:</p> <ol style="list-style-type: none"> <li>1. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Act.</li> <li>2. The investment project has been approved by the Board of Directors, and independent directors and Audit Committee have been delegated too.</li> <li>3. There have been no major violations of the internal control procedure governing various applications of funds in the immediately preceding year or the violations have been rectified and the rectification has been affirmed by the competent authorities with relevant supporting document.</li> <li>4. There have been no major sanctions or</li> </ol>	<p>entity listed in Paragraph 2, Article 5.</p> <p>3. The investment in one and the same entity shall comply with the following requirements:</p> <p>(1) Where the invested entity is a venture investment enterprise and the entity referred to in the sub-paragraph 3, Paragraph 2, Article 5, such amount shall be no more than 25% of the invested entity's paid-in capital or actual capital contribution.</p> <p>(2) Where the invested entity is an enterprises referred to in Article 3 and Article 4, such amount shall be no more than 45% of the invested entity's paid-in capital or actual capital contribution. The foregoing is not applied, if the Company meets the following conditions and obtains the approval of the competent authority:</p> <ol style="list-style-type: none"> <li>1. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.</li> <li>2. The investment project has been approved by the Board of Directors and independent directors and Audit Committee have been delegated too.</li> <li>3. There have been no major violations of the internal control procedure governing various applications of funds in the immediately preceding year or the violations have been rectified and the rectification</li> </ol>	
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<p>disciplinary actions imposed by the competent authority in the most recent year, however, this does not include violations that have been rectified and affirmed by the competent authority.</p> <p>5. Where this is not the first investment and the investment amount is no less than 45% of the invested entity's paid-in capital or actual capital contribution, the invested entity shall shows no accumulated losses in the financial statement for the most recent period, unless the invested entity is a private institution regulated by the Act for Promotion of Private Participation in Infrastructure Projects (hereinafter referred to as the Act for PPP).</p> <p>(4) Except for the invested entity prescribed in the preceding <u>three</u> items, such amount shall be no more than 10% of the invested entity's paid-in capital or actual capital contribution.</p> <p>4. In case of securitization products issued by the Company aiming at the contents set forth in Article 3 and 4 as the target, the Company may invest within the limit of 10% of the total amount of the securitization products, free of the restriction of the investment ratio set forth in the preceding Subparagraph.</p> <p>5. The total amount of the Company invested in the entity listed in Paragraph 2 of Article 5 shall not exceed 2% of its total funds.</p> <p>The major sanctions and disciplinary actions as prescribed in Item <u>3</u>,</p>	<p>has been affirmed by the competent authorities with relevant supporting document.</p> <p>4. There have been no major sanctions or disciplinary actions imposed by the competent authority in the most recent year, however, this does not include violations that have been rectified and affirmed by the competent authority.</p> <p>5. Where this is not the first investment and the investment amount is no less than 45% of the invested entity's paid-in capital or actual capital contribution, the invested entity shall shows no accumulated losses in the financial statement for the most recent period, unless the invested entity is a private institution regulated by the Act for Promotion of Private Participation in Infrastructure Projects (hereinafter referred to as the Act for PPP).</p> <p>(3) Except for the invested entity prescribed in the preceding two items, such amount shall be no more than 10% of the invested entity's paid-in capital or actual capital contribution.</p> <p>4. In case of securitization products issued by the Company aiming at the contents set forth in Article 3 and 4 as the target, the Company may invest within the limit of 10% of the total amount of the securitization products, free of the restriction of the investment ratio set forth in the preceding Sub-paragraph.</p> <p>5. The total amount of the Company invested in the entity listed in Paragraph 2 of Article 5 shall not exceed 2% of its total funds.</p> <p>The major sanctions and disciplinary actions as prescribed in Item <u>2</u>,</p>	
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<p>Sub-paragraph 3 of the preceding Paragraph and Item 1, Sub-paragraph 2, Paragraph 3, Article <u>10</u> refer to one of the major sanctions and disciplinary actions as specified in Sub-paragraphs 1 to 12, Article 2 of the FSC's Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws and a fine of at least three times the minimum statutory amount for a single violation action as prescribed in Subparagraph 13 of said Regulations.</p> <p>Where, after the Company uses the funds in special projects, public utilities and social welfare enterprises, the invested entity is found qualified to accept investments under the subparagraph 3 or 4, Paragraph 1 of Article 146-1 of the Act, the investments in such entity shall be governed by the subparagraph 3 or 4, Paragraph 1 of Article 146-1 of the Insurance Act instead, provided that if said investment exceeds the ratio as prescribed in the subparagraph 3 or 4 of Paragraph 1 or Paragraph 2 of Article 146-1 of the Act, no additional funds shall be invested by the Company in the entity unless the entity requires capital increase by the Company on a pro rata basis subject to the Company's original equity share in the entity.</p> <p>Where the Company and its stakeholders jointly hold an <u>invested entity listed</u> in the sub-paragraph 2, Article 2, and the sub-paragraphs 1, <u>2</u> and 4, Paragraph 2, Article 5 or take any methods to achieve controlling and subordinate relations with the same invested entity, the following requirements shall be met:</p> <p>1. The Company may not take any direct or indirect methods via <u>the entity</u> to intervene in the business management and investment decisions of <u>the same</u></p>	<p>Sub-paragraph 3 of the preceding Paragraph and Item 1, Sub-paragraph 2, Paragraph 3, Article <u>9</u> refer to one of the major sanctions and disciplinary actions as specified in Sub-paragraphs 1~12, Article 2 of the FSC's Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws and a fine of at least three times the minimum statutory amount for a single violation action as prescribed in Sub-paragraph 13 of said Regulations.</p> <p>Where, after the Company uses the funds in special projects, public utilities and social welfare enterprises, the invested entity is found qualified to accept investments under the sub-paragraph 3 or 4, Paragraph 1 of Article 146-1 of the Insurance Act, the investments in such entity shall be governed by the sub-paragraph 3 or 4, Paragraph 1 of Article 146-1 of the Insurance Act instead, provided that if said investment exceeds the ratio as prescribed in the sub-paragraph 3 or 4 of Paragraph 1 or Paragraph 2 of Article 146-1 of the Insurance Act, no additional funds shall be invested by the Company in the entity unless the entity requires a capital increase by the Company on a pro rata basis subject to the Company's original equity share in the entity.</p> <p>Where the Company and its stakeholders jointly hold <u>a venture investment enterprise</u> in the sub-paragraph <u>1</u>, Article 2, and the sub-paragraph 1, Paragraph 2, Article 5 or take any methods to achieve controlling and subordinate relations with the same venture investment entity, the following requirements shall be met:</p> <p>1. The Company may not take any direct or indirect methods via the</p>	
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<p><u>entity and its invested entity</u>;</p> <p>2. The combined investments of the Company and <u>the entity</u> in a company stock whose public issuance is approved by law as prescribed in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act may not exceed the limit as prescribed in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Act.</p> <p>The company stocks identified in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act as invested by <u>the entity</u> referred to in the sub-paragraph 2 of the preceding Paragraph, which the insurer shall combine into the calculation, is calculated based on the Company's investment ratio in the <u>entity</u>. Where the limit is exceeded, the Company shall comply with the following regulations before the condition is improved:</p> <p>1. The Company's shareholdings in the aforementioned company stock may not be increased;</p> <p>2. <u>The entity's</u> shareholdings in the said company stock which the Company shall combine into the calculation may not be increased.</p>	<p>venture investment entity to intervene in the business management and investment decisions of the same entity and its invested entity;</p> <p>2. The combined investments of the Company and the venture investment entity in a company stock whose public issuance is approved by law as prescribed in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act may not exceed the limit as prescribed in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act.</p> <p>The company stocks identified in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act as invested by the venture investment entity referred to in the sub-paragraph 2 of the preceding Paragraph, which the Company shall combine into the calculation, the investment is calculated based on the Company's investment ratio in the venture investment entity. Where the limit is exceeded, the Company shall comply with the following regulations before the condition is improved:</p> <p>1. The Company's shareholding in the aforementioned company stock may not be increased;</p> <p>2. The venture investment entity's shareholding in said company stock which the Company shall combine into the calculation may not be increased.</p>	
<p>Article 8 When using its funds for special projects, public utilities and social welfare enterprises, the Company shall apply for approval from the competent authority by submitting the following documents:</p> <p>1. Investment plan and objectives (<u>including</u> objectives, method, market analysis, cost analysis, analysis of long-term and short-term return on investment, composition of</p>	<p>Article 8 When using its funds for special projects, public utilities and social welfare enterprises, the Company shall apply for approval from the competent authority by submitting the following documents:</p> <p>1. Investment plan and objectives ( <u>including</u> objectives, method, market analysis, cost analysis, analysis of long-term and</p>	<p>Adjusted in response to the addition of provisions.</p>

<p>shareholders or partners' structure of the limited partnership enterprise and management team). This document can be replaced by a letter of opinion on the financial adequacy of the investment project issued by a certified public accountant and a letter of legal opinion on the legitimacy of the investment project issued by a qualified lawyer where the investment is made onto an enterprise with the items enumerated under Articles 3 and 4.</p> <p>2. Details of the funds used for the special project or public utilities or social welfare enterprises, and analysis of return (<u>including analysis of return on investment in each phase with explanatory notes</u>).</p> <p>3. Financial statements of the invested entity. This document does not need to be attached if the invested entity has been established for less than a year.</p> <p>4. Summary of the limited partnership agreement draft if the invested entity is the limited partnership enterprise provided in Paragraph 2, Article 5.</p> <p>5. Documents regarding decisions resolved or powers authorized by the Board of Directors.</p> <p>6. <u>Post-investment management methods and evaluation and plans for the response measures. If the invested entity is an enterprise listed in Article 3 and Article 4 and requires environmental impact assessment report in accordance with the Environmental Impact Assessment Act, the Company shall explain post-investment management methods of environmental impact assessment items.</u></p> <p>7. <u>If the invested entity is listed in Subparagraph 2, Article 2, provide the fundraising plans and investment decision-making mechanisms, post-loan management, information disclosure and mechanisms for preventing conflicts of interest.</u></p> <p>8. <u>If the invested entity is an enterprise</u></p>	<p>short-term return on investment, composition of shareholders or partners' structure of the limited partnership enterprise and management team). This document can be replaced by a letter of opinion on the financial adequacy of the investment project issued by a certified public accountant and a letter of legal opinion on the legitimacy of the investment project issued by a qualified lawyer where the investment is made onto an enterprise with the items enumerated under Articles 3 and 4.</p> <p>2. Details of the funds used for the special project or public utilities or social welfare enterprises and analysis of return (<u>including analysis of return on investment in each phase with explanatory notes</u>).</p> <p>3. Financial statements of the invested entity. This document does not need to be attached if the invested entity has been established for less than a year.</p> <p>4. Summary of the limited partnership agreement draft if the invested entity is the limited partnership enterprise provided in Paragraph 2, Article 5.</p> <p>5. Documents regarding decisions resolved or powers authorized by the Board of Directors.</p> <p>6. Letters of approval issued by the relevant authorities.</p> <p>7. Other information specified by the competent authority.</p>	
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<p><u>listed in Article 3 and Article 4, provide an explanation of the list of directors and supervisors it has appointed, management mechanisms for ensuring proper exercise of rights, material decisions and post-investment management mechanisms. If the total number of directors appointed by the Company exceeds half of all directors, it must provide explanation documents for the criteria for the independence of directors specified in Paragraph 4, Article 6.</u></p> <p>9. Letters of approval issued by the relevant authorities.</p> <p>10. Other information specified by the competent authority.</p> <p><u>Any change in the directors and supervisors assigned by enterprises listed in Article 3 and Article 4 with investments from the Company must be reported to the competent authority for reference.</u></p>		
<p>Article 9</p> <p>If the Company meets any of the following circumstances, it may proceed to use its fund for special projects, public utilities and social welfare enterprises per resolution by the Board of Directors or within the scope authorized by the Board of Directors. <u>The foregoing is not applied when the Company proceeds with investment in accordance with Article 3 and Article 4, and the invested entity requires an environmental impact assessment report in accordance with the Environmental Impact Assessment Act:</u></p> <ol style="list-style-type: none"> <li>1. The Company increases its monetary investment in an entity for such project as has been approved by the competent authority, without increasing its original share or contribution in the total investment in the project.</li> <li>2. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses, <u>the private equity funds listed in Sub-paragraph 2, Article 2 and</u></li> </ol>	<p>Article 9</p> <p>If the Company meets any of the following circumstances, it may proceed to use its fund for special projects, public utilities and social welfare enterprises per resolution by the Board of Directors or within the scope authorized by the Board of Directors. <u>Notwithstanding, it shall still have the documents referred to in Paragraph 1 of the preceding article submitted to the competent authority for subsequent review.</u></p> <ol style="list-style-type: none"> <li>1. The Company increases its monetary investment in an entity for such project as has been approved by the competent authority, without increasing its original share or contribution in the total investment in the project.</li> <li>2. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according</li> </ol>	<p>Adjusted in response to the addition of provisions.</p>



<p><u>Sub-paragraph 2, Paragraph 2, Article 5</u>, the public utilities listed in Article 3 or the entity listed in Sub-paragraph 4, Paragraph 2 of Article 5, and the total amount that the insurer invests in one and the same entity is less than NT\$500 million and less than 5% of the owner's equity of the insurer.</p> <p>3. The invested entity is not such an enterprises as specified in the preceding Subparagraph and the total amount that the insurer invests in one and the same entity is less than NT\$50 million and less than 2% of the owner's equity of the insurer.</p> <p>4. Other circumstances regulated by the competent authority.</p> <p>When the Company is executing the investment referred to in the preceding paragraph, its owned capital and risk-based capital ratio in the most recent period shall comply with the provisions of Paragraph 1, Article 143-4 of the Act.</p> <p>If the invested entity is the entity regulated by the Act for PPP and the following investment amount and conditions are met, the Company can invest in such entity. <u>The foregoing is not applied when the Company proceeds with investment in accordance with Article 3 and Article 4 and the invested entity requires an environmental impact assessment report in accordance with the Environmental Impact Assessment Act:</u></p> <p>(Subparagraphs 1 to 2 omitted)</p> <p>The total amount of investment referred to in Paragraph 3 made in accordance with the Act for PPP refers to the total amount of royalty, construction cost and rent paid by the Company under the investment contract.</p> <p><u>Where the Company proceeds with</u></p>	<p>to the Regulations for the Guidelines for Venture Capital Businesses <u>and</u> the public utilities listed in Article 3 <u>and</u> the entity listed in Subparagraph 3, Paragraph 2, Article 5, and the total amount that the Company invests in one and the same entity is less than NT\$500 million and less than 5% of the owner's equity of the Company.</p> <p>3. The invested entity is not such an enterprise as specified in the preceding Sub-paragraph and the total amount that the Company invests in one and the same entity is less than NT\$50 million and less than 2% of the owner's equity of the Company.</p> <p>4. Other circumstances regulated by the competent authority.</p> <p>When the Company is executing the investment referred to in the preceding paragraph, its owned capital and risk-based capital ratio in the most recent period shall comply with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.</p> <p>If the invested entity is the entity regulated by the Act for PPP and the following investment amount and conditions are met, the Company can invest in such entity.</p> <p><u>Notwithstanding, it shall still have the documents referred to in Paragraph 1 of the preceding article submitted to the competent authority for subsequent review.</u></p> <p>(Subparagraphs 1 to 2 omitted)</p> <p>The total amount of investment referred to in Paragraph 3 made in accordance with the Act for PPP refers to the total amount of royalty, construction cost and rent paid by the Company under the investment contract.</p>	
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<p><u>investment in accordance with regulations in Paragraph 1 and Paragraph 3, the Company shall have the documents referred to in Paragraph 1 of the preceding article submitted to the competent authority for subsequent review and the chief compliance officer of the headquarters of the Company must issue an opinion on the compliance with laws and internal regulations and sign the statement to ensure accountability.</u></p>		
<p>Article 11 Operating Procedure for the Company's Investment in Special Projects, Public Utilities and Social Welfare Enterprises (Subparagraphs 1 to 2 omitted) 3. Internal Control System (Item 1 omitted) (2) Control by the operating procedure: 1. Whether or not the restrictions on investment ratio prescribed herein are satisfied. 2. Whether or not the contents of evaluation satisfy the evaluation and operating procedure herein. 3. Whether or not the proposed investment project is approved per the procedure and reviewed and approved by the Board of Directors. 4. Whether or not the related documents are complete and subject to the competent authority's approval. 5. Whether or not the required procedures are completed satisfactorily, if an "Investment Agreement" is required by the proposed investment project.</p> <p><u>6. If the Company invests in an enterprise listed in Article 3 and Article 4, when the Company appoints more than half of the directors of the invested entity, they must include least one independent director who must have the professional knowledge necessary for the business operations of the invested entity. The</u></p>	<p>Article 11 Operating Procedure for the Company's Investment in Special Projects, Public Utilities and Social Welfare Enterprises (Subparagraphs 1 to 2 omitted) 3. Internal Control System (Item 1 omitted) (2) Control by the operating procedure: 1. Whether or not the restrictions on investment ratio prescribed herein are satisfied. 2. Whether or not the contents of evaluation satisfy the evaluation and operating procedure herein. 3. Whether or not the proposed investment project is approved per the procedure and reviewed and approved by the Board of Directors. 4. Whether or not the related documents are complete and subject to the competent authority's approval. 5. Whether or not the required procedures are completed satisfactorily, if an "Investment Agreement" is required by the proposed investment project.</p>	<p>Adjusted in response to the addition of provisions.</p>

<p><u>independent director must also maintain his independence within the scope of his job duty and may not have direct or indirect interests with the Company or its affiliated companies.</u></p> <p>(3) Periodic evaluation and performance analysis:</p> <p>1. Administration Dept. shall evaluate and analyze the performance of the investment project periodically and submit the same for approval through the approving procedure.</p> <p>2. For the invested entities listed in <u>Subparagraph 2, Article 2, a review shall be conducted to ensure that the invested entity does not involve itself in management right disputes of enterprises in which it has direct or indirect investment, and such requirements must be included in the contracts or other agreement documents it has signed.</u></p> <p>(Omitted below)</p>	<p>(3) Periodic evaluation and performance analysis: Administration Dept shall evaluate and analyze the performance of the investment project periodically, and submit the same for approval through the approving procedure.</p> <p>(Omitted below)</p>	
<p>Article 13 The Procedure shall be submitted to the competent authority for future reference and also reported to a shareholders' meeting after it is approved by the Board of Directors. The same shall apply where the Procedure is amended. The Procedure was established on February 27, 2020. <u>The Procedure was amended on March 25, 2022.</u></p>	<p>Article 13 The Procedure shall be submitted to the competent authority for future reference and also reported to a shareholders' meeting after it is approved by the Board of Directors. The same shall apply where the Procedure is amended. The Procedure was established on February 27, 2020.</p>	<p>Add the date of the amendment.</p>

# **Independent Auditor's Report**

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

## **Audit opinion**

We have reviewed the balance sheet of The First Insurance Co., Ltd. as at December 31, 2021 and 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for periods from January 1 to December 31, 2021 and 2020 and the accompanying footnotes (including 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 and with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation or SIC Interpretation endorsed by the Financial Supervisory Commission, and presented a fair view of the financial position of The First Insurance Co., Ltd. as of December 31, 2021 and 2020, and business performance and cash flow for periods January 1 to December 31, 2021 and 2020.

## **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 2021 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 2021 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, 2021 amounted to NT\$2,813,193 thousand, of which NT\$666,443 thousand were insurance incurred by not 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 an insight about the design and execution of various procedures and controls the Company had adopted to estimate IBNR 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. Our actuarial experts assisted us in evaluating whether or not the methodologies and assumptions undertaken to provide for IBNR reserves were compliant with laws and establishing proprietary models for validating the rationality of the IBNR 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 and with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation or SIC Interpretation endorsed by the Financial Supervisory Commission 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 governance body about the scope, timing and significant findings (including significant defects identified in the internal control) of our audits.

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 2021 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 25, 2022

## **The Company's 2021 Financial Statements**

I. 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, 2021 and 2020

Unit: NTD thousands

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11000	Cash (Note 6)	\$ 1,665,303	10	\$ 1,775,324	11
	Receivables				
12100	Notes receivable (Notes 4, 12 and 38)	181,581	1	143,485	1
12200	Premiums receivable (Notes 4, 12, 31 and 38)	146,352	1	172,791	1
12500	Other receivables (Notes 4 and 12)	31,458	-	64,696	1
12000	Total receivables	359,391	2	380,972	3
	Investment				
14110	Financial assets at fair value through profit and loss (Notes 4 and 7)	1,325,550	8	1,940,277	12
14145	Financial assets carried at cost after amortization (Notes 4, 9 and 10)	2,122,227	12	1,758,600	11
14180	Other financial assets (Notes 4, 6 and 11)	4,325,352	26	2,751,824	17
14190	Financial assets at fair value through other comprehensive income (Notes 4, 8 and 10)	2,696,464	16	2,948,951	18
14200	Investment properties (Notes 4 and 13)	892,381	5	898,209	6
14000	Total investment	11,361,974	67	10,297,861	64
	Reinsurance Contracts Assets				
15100	Claims recoverable from reinsurers (Notes 4, 12, 14 and 38)	126,775	1	131,034	1
15200	Re-insurance accounts receivable (Notes 4, 12, 14 and 38)	130,202	1	175,340	1
15300	Re-insurance reserve assets (Notes 4, 14 and 38)	1,848,839	11	1,844,525	12
15000	Total reinsurance contract assets	2,105,816	13	2,150,899	14
16000	Property, plant, and equipment (Notes 4 and 15)	668,397	4	661,560	4
16700	Right-of-use asset (Notes 4 and 16)	4,659	-	4,400	-
17300	Intangible assets (Notes 4 and 17)	42,894	-	44,106	-
17800	Deferred income tax assets (Notes 4 and 26)	43,987	-	51,618	-
	Other assets				
18300	Guarantee deposits paid (Notes 8 and 18)	580,355	4	631,818	4
18700	Other assets - Others (Note 19)	28,283	-	27,429	-
18000	Total other assets	608,638	4	659,247	4
1XXXX	Total assets	\$ 16,861,059	100	\$ 16,025,987	100
Code	Liabilities and equity				
	Payables				
21100	Notes payable	\$ 6,008	-	\$ 5,822	-
21200	Insurance claims and benefits payable (Notes 4 and 38)	16,560	-	2,986	-
21400	Commission payable (Note 38)	118,487	1	115,625	1
21500	Re-insurance accounts payable (Notes 4 and 38)	300,595	2	343,501	2
21600	Other payables (Note 20)	194,113	1	209,682	1
21000	Total payables	635,763	4	677,616	4
21700	Current income tax liabilities (Note 4)	51,259	-	1,012	-
23800	Lease liabilities (Notes 4 and 16)	4,726	-	4,445	-
	Insurance liabilities (Notes 4, 5, 21 and 38)				
24100	Unearned premium reserve	4,011,338	24	3,819,705	24
24200	Claim reserve	2,813,193	17	2,713,890	17
24400	Special claim reserve	1,750,650	10	1,696,659	10
24500	Deficiency reserve	587	-	6,712	-
24000	Total insurance liabilities	8,575,768	51	8,236,966	51
27100	Provision for employee benefits (Notes 4 and 22)	121,210	1	142,972	1
28000	Deferred income tax liabilities (Notes 4 and 26)	92,934	-	92,934	1
	Other liabilities				
25300	Guarantee deposits received	14,186	-	14,530	-
25900	Other liabilities - Others (Note 23)	93,795	1	93,428	1
25000	Total other liabilities	107,981	1	107,958	1
2XXXX	Total liabilities	9,589,641	57	9,263,903	58
31000	Share capital (Note 24)	3,011,638	18	3,011,638	19
	Retained earnings (Note 24)				
33100	Legal reserve	1,433,870	8	1,362,943	8
33200	Special reserve	2,140,240	13	1,916,502	12
33300	Undistributed earnings	512,615	3	178,675	1
33000	Total retained earnings	4,086,725	24	3,458,120	21
34000	Other equity (Note 24)	173,055	1	292,326	2
3XXXX	Total equity	7,271,418	43	6,762,084	42
	Total liabilities and equity	\$ 16,861,059	100	\$ 16,025,987	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.  
Statement of Comprehensive Income  
For periods from January 1 to December 31, 2021 and 2020  
Unit: NTD thousands, except EPS which is in dollars

Code		2021		2020		Variation percentage (%)
		Amount	%	Amount	%	
	Operating revenues (Note 4)					
41110	Written premiums (Notes 31 and 38)	\$ 7,458,400	114	\$ 7,062,884	120	6
41120	Reinsurance Premium	<u>410,919</u>	<u>6</u>	<u>403,665</u>	<u>7</u>	2
41100	Premium revenues	7,869,319	120	7,466,549	127	5
51100	Less: reinsurance premiums expense	( 1,795,111 )	( 27 )	( 1,776,313 )	( 30 )	1
51310	Less: Net change in unearned premium reserve	( <u>178,244</u> )	( <u>3</u> )	( <u>239,129</u> )	( <u>4</u> )	( 25 )
41130	Retained Earned Premium	<u>5,895,964</u>	<u>90</u>	<u>5,451,107</u>	<u>93</u>	8
41300	Re-insurance commissions received (Note 38)	<u>293,692</u>	<u>5</u>	<u>287,853</u>	<u>5</u>	2
41400	Service fee	<u>24,566</u>	<u>-</u>	<u>24,561</u>	<u>-</u>	-
	Net investment gains					
41510	Interest income (Note 25)	71,957	1	87,428	2	( 18 )
41521	Gains (losses) on financial assets or liabilities at fair value through profit and loss	99,207	1	( 122,296 )	( 2 )	181
41527	Realized gains/losses on financial assets at fair value through other comprehensive income (Note 8(1))	120,440	2	100,807	2	19
41550	Gain (loss) on exchange - investment (Note 25)	( 18,833 )	-	( 30,059 )	( 1 )	( 37 )
41570	Gains (losses) on investment property (Note 25)	52,144	1	53,245	1	( 2 )
41585	Expected credit (impairment loss) and reversal gain on investment	( <u>2,373</u> )	<u>-</u>	<u>954</u>	<u>-</u>	( 349 )
41500	Total net investment gains	<u>322,542</u>	<u>5</u>	<u>90,079</u>	<u>2</u>	258
	Other operating revenues					
41890	Other operating revenues - Others	<u>3,154</u>	<u>-</u>	<u>1,072</u>	<u>-</u>	194
41000	Total operating revenues	<u>6,539,918</u>	<u>100</u>	<u>5,854,672</u>	<u>100</u>	12
	Operating Cost					
	Retained claims and benefits (Notes 31 and 38)					
51200	Insurance claim and benefit payments	3,994,404	61	3,930,294	67	2
41200	Less: Claims recovered from reinsurers	( <u>933,702</u> )	( <u>14</u> )	( <u>957,899</u> )	( <u>16</u> )	( 3 )
51260	Total retained claims and benefits paid	<u>3,060,702</u>	<u>47</u>	<u>2,972,395</u>	<u>51</u>	3

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Code		2021		2020		Variation percentage (%)
		Amount	%	Amount	%	
	Net change in other liabilities (Note 38)					
51320	Net change in claim reserves	\$ 108,378	1	\$ 112,637	2	( 4 )
51340	Net change in special claim reserves	53,991	1	27,094	-	99
51350	Net change in premium deficiency reserves	( 6,125 )	-	( 10,017 )	-	( 39 )
51300	Total net change in other liabilities	<u>156,244</u>	<u>2</u>	<u>129,714</u>	<u>2</u>	20
51510	Commission expenses (Note 38)	<u>1,046,478</u>	<u>16</u>	<u>982,117</u>	<u>17</u>	7
51600	Service charges (Note 38)	<u>133,317</u>	<u>2</u>	<u>139,699</u>	<u>2</u>	( 5 )
	Other operating costs					
51810	Contribution to insurance stabilization fund (Note 38)	14,298	-	14,142	-	1
51830	Interest expenses	35	-	36	-	( 3 )
51850	Loss on exchange - non-investment (Note 25)	6,821	-	8,124	-	( 16 )
51890	Other operating costs - Others	<u>50</u>	<u>-</u>	<u>502</u>	<u>-</u>	( 90 )
51800	Total other operating costs	<u>21,204</u>	<u>-</u>	<u>22,804</u>	<u>-</u>	( 7 )
51000	Total operating costs	<u>4,417,945</u>	<u>67</u>	<u>4,246,729</u>	<u>72</u>	4
60000	Gross profit	<u>2,121,973</u>	<u>33</u>	<u>1,607,943</u>	<u>28</u>	32
	Operating expenses (Notes 25 and 31)					
58100	Selling expenses	1,376,093	21	1,304,170	22	6
58200	Administrative expenses	96,869	2	93,042	2	4
58300	Staff training expenses	<u>2,687</u>	<u>-</u>	<u>2,680</u>	<u>-</u>	-
58000	Total operating expenses	<u>1,475,649</u>	<u>23</u>	<u>1,399,892</u>	<u>24</u>	5
61000	Operating profit	<u>646,324</u>	<u>10</u>	<u>208,051</u>	<u>4</u>	211
	Non-operating income and expenses					
59400	Asset retirement loss	( 861 )	-	( 2,710 )	-	( 68 )
59500	Recovery of bad and overdue debts	36	-	20	-	80
59920	Sundry income (Note 16)	119	-	697	-	( 83 )
59990	Other non-operating expenses (Note 16)	( 143 )	-	( 113 )	-	27
59000	Total non-operating income and expenses	( 849 )	-	( 2,106 )	-	( 60 )
62000	Operating income before tax	645,475	10	205,945	4	213

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Code		2021		2020		Variation percentage (%)
		Amount	%	Amount	%	
63000	Income tax expenses (Notes 4 and 26)	<u>92,338</u>	<u>2</u>	<u>53,063</u>	<u>1</u>	74
66000	Current net income	<u>553,137</u>	<u>8</u>	<u>152,882</u>	<u>3</u>	262
	Other comprehensive income (Note 24)					
83100	Items not reclassified into profit and loss					
83110	Revaluation of defined benefit plan (Notes 4 and 22)	( \$ 5,140 )	-	\$ 1,288	-	( 499 )
83180	Income tax on items not reclassified into profit and loss (Note 26)	1,028	-	( 258 )	-	498
83190	Gains/losses on valuation of equity instruments at fair value through other comprehensive income	<u>125,616</u>	<u>2</u>	<u>34,436</u>	<u>-</u>	265
	Total items not reclassified into profit and loss	<u>121,504</u>	<u>2</u>	<u>35,466</u>	<u>-</u>	243
83200	Items likely to be reclassified into profit and loss					
83290	Gains/losses on debt instruments at fair value through other comprehensive income	( <u>59,900</u> )	( <u>1</u> )	<u>51,592</u>	<u>1</u>	( 216 )
83000	Other comprehensive income for the current period (net, after-tax)	<u>61,604</u>	<u>1</u>	<u>87,058</u>	<u>1</u>	( 29 )
85000	Total comprehensive income - current	<u>\$ 614,741</u>	<u>9</u>	<u>\$ 239,940</u>	<u>4</u>	156
	Earnings per share (Note 27)					
97500	Basic	<u>\$ 1.84</u>		<u>\$ 0.51</u>		
98500	Diluted	<u>\$ 1.84</u>		<u>\$ 0.51</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, 2021 and 2020

Unit: NTD thousands

Code		Share capital (Note 24)	Retained earnings (Note 24)			Other equity (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, 2020	\$ 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	3,011,638	1,362,943	1,916,502	178,675	292,326	6,762,084
	Appropriation and distribution of earnings:						
B1	Legal reserve	-	70,927	-	( 70,927 )	-	-
B3	Special reserve	-	-	223,738	( 223,738 )	-	-
B5	Cash dividend	-	-	-	( 105,407 )	-	( 105,407 )
D1	2021 net income	-	-	-	553,137	-	553,137
D3	2021 other comprehensive income	-	-	-	( 4,112 )	65,716	61,604
D5	2021 total comprehensive income	-	-	-	549,025	65,716	614,741
Q1	Disposal of equity instruments at fair value through other comprehensive income (Note 8(1))	-	-	-	184,987	( 184,987 )	-
Z1	Balance as of December 31, 2021	<u>\$ 3,011,638</u>	<u>\$ 1,433,870</u>	<u>\$ 2,140,240</u>	<u>\$ 512,615</u>	<u>\$ 173,055</u>	<u>\$ 7,271,418</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.

Cash Flow Statement

For periods from January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		2021	2020
	Cash flow from operating activities		
A10000	Pre-tax profit for the current period	\$ 645,475	\$ 205,945
A20000	Adjustments:		
A20010	Income, expenses and losses		
A20100	Depreciation	29,529	26,108
A20200	Amortization	15,718	10,512
A20900	Interest expenses	178	150
A21200	Interest income	( 71,957)	( 87,428)
A21300	Dividend income	( 143,312)	( 110,529)
A21400	Net change of various reserves - current	338,802	325,216
A21830	Expected credit impairment loss (reversal gain) on investment	2,373	( 954)
A22500	Loss on disposal of property, plant and equipment	777	2,505
A22700	Loss on disposal of investment property	84	205
A22900	Gain on lease modification	-	( 4)
A24100	Unrealized loss on foreign exchange	20,981	35,700
A50000	Change in assets/liabilities related to operating activities		
A51110	Notes receivable	( 38,096)	( 4,234)
A51120	Premiums receivable	26,439	105,736
A51130	Other receivables	30,904	3,047
A51140	Gains on financial assets or liabilities at fair value through profit and loss	614,727	( 325,892)
A51141	Financial assets at fair value through other comprehensive income	365,067	252,992
A51145	Debt instrument investments measured at cost after amortization	( 367,986)	( 230,000)
A51160	Other financial assets	( 1,592,648)	( 120,715)
A51170	Reinsurance Contracts Assets	45,083	118,920
A51190	Guarantee deposits paid	1,213	( 2,649)

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Code		2021	2020
A5190	Other assets	( 854 )	( 6,477 )
A52110	Notes payable	186	( 6,364 )
A52120	Claims payable	13,574	2,986
A52140	Commission payable	\$ 2,862	\$ 5,463
A52150	Reinsurance accounts payable	( 42,906 )	( 92,917 )
A52160	Other payables	( 15,569 )	43,180
A52200	Provisions for employee benefits	( 26,902 )	( 25,919 )
A52240	Guarantee deposits received	( 344 )	( 584 )
A52990	Other liabilities	<u>367</u>	<u>16,588</u>
A33000	Cash inflow (outflow) from operating activities	( 146,235 )	140,587
A33100	Interests received	79,663	101,204
A33200	Dividends received	143,312	110,529
A33300	Interests paid	( 178 )	( 150 )
A33500	Income tax paid	( <u>33,432</u> )	( <u>100,674</u> )
AAAA	Net cash inflow from operating activities	<u>43,130</u>	<u>251,496</u>
Cash flow from investing activities			
B02700	Acquisition of property and equipment	( 27,898 )	( 22,507 )
B04500	Acquisition of intangible assets	( 14,506 )	( 18,342 )
B05400	Acquisition of investment property	( <u>157</u> )	<u>-</u>
BBBB	Net cash outflow from investing activities	( <u>42,561</u> )	( <u>40,849</u> )
Cash flow from financing activities			
C04020	Repayment of lease principal	( 3,322 )	( 2,564 )
C04500	Cash dividends paid	( <u>105,407</u> )	( <u>289,117</u> )
CCCC	Net cash outflow from financing activities	( <u>108,729</u> )	( <u>291,681</u> )
DDDD	Exchange rate effects on cash	( 1,861 )	( 3,656 )
EEEE	Decrease in cash for the current period	( 110,021 )	( 84,690 )
E00100	Opening cash balance	<u>1,775,324</u>	<u>1,860,014</u>
E00200	Closing cash balance	<u>\$ 1,665,303</u>	<u>\$ 1,775,324</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

2021

Unit: NTD

Item	Amount
Opening undistributed earnings	\$2,986,092
Remeasured amount of defined benefit plans recognized into retained earnings	(4,112,387)
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.	184,986,790
Adjusted undistributed earnings	183,860,495
Add: Current net income	553,137,473
Add: Reversal of 2016 to 2018 special reserve for FinTech development	1,453,833
Less: Provision for legal reserve (1)	(146,802,375)
Less: Provision for special reserve (Note 2)	(224,239,675)
Less: Provision for special reserve (Note 3)	(144,724)
Distributable earnings in the current period	367,265,027
Distributions:	
Bonus to shareholders (cash dividends at NT\$1.21 per share)	(\$364,408,179)
Closing undistributed earnings	\$2,856,848

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: Per the Letter Jin-Guan-Bao-Cai-Zi No. 10904939031 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 the Amendments to Articles of**  
**Incorporation**

Amended clauses	Existing clauses	Description
Article 4 The Company shall make announcements, if any, <u>in the manner referred to in the Company Act.</u>	Article 4 The Company's public announcements shall <u>be run in a prominent position on the daily news circulated within the jurisdiction in which the Company is situated.</u>	Amend the method by which the Company makes public announcements.
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, <u>but shall register the shares with the centralized securities depository institutions.</u>	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.	Amend certain provisions with reference to Paragraph 2, Article 161-2 of the Company Act.
Article 11 The Company convenes two types of shareholders' meetings, namely the annual general meeting and extraordinary shareholders' 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. <u>A shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	Article 11 The Company convenes two types of shareholders' meetings, namely the annual general meeting and extraordinary shareholders' 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.	Add certain provisions in reference to Paragraph 1, Article 172-2 of the Company Act.
Article 19 (Paragraphs 1 to 2 omitted) The Board of Directors should assemble committees of various functions including audit, risk management, remuneration <u>and sustainable development</u> to assist the Board in supervising and managing	Article 19 (Paragraphs 1 to 2 omitted) The board of directors should assemble committees of various functions including audit, risk management <u>and</u> remuneration <u>management</u> to assist the board in supervising and managing the	Amend certain words in response to the Company's establishment of Sustainable Development Committee.

the Company's operations. (Paragraphs 4 to 6 omitted)	Company's operations. (Paragraphs 4 to 6 omitted)	
<p>Article 25</p> <p>The Board of Directors is authorized to determine the level of remuneration for the Chairman and directors (including independent directors) based on individual participation in and contribution to the Company's operations and in reference to industry peers.</p>	<p>Article 25</p> <p>The Board of Directors is authorized to determine the level of remuneration for the Chairman, directors (including independent directors) <u>and supervisors</u> based on individual participation in and contribution to the Company's operations and in reference to industry peers.</p>	Delete the provisions related to supervisors, as the Company has established the Audit Committee.
<p>Article 27</p> <p>The Audit 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.</p>	<p>Article 27</p> <p>The Audit 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.</p> <p><u>Establishment of Audit Committee shall take effect after the 18th supervisors have served their term or agreed to full dismissal.</u></p>	Delete the provisions related to supervisors, as the Company has established the Audit Committee.
<p>Article 31</p> <p>Annual profits concluded by the Company are subject to employee remuneration of at least 1% (inclusive), which the Board of Directors may decide to distribute in cash or in shares. Employees who meet certain criteria are entitled to receive remuneration. Up to 0.6% (inclusive) 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</p>	<p>Article 31</p> <p>Annual profits concluded by the Company are subject to employee remuneration of at least 1% (inclusive), which the Board of Directors may decide to distribute in cash or in shares. Employees who meet certain criteria are entitled to receive remuneration. Up to 0.6% (inclusive) 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</p>	Expressly state the way to authorize the Board of Directors to distribute the cash dividends by special resolution and amend certain text, with reference to Article 240 of the Company Act.

<p>and reimbursement of previous losses, followed by a 20% provision of legal reserve, <u>unless the legal reserve has reached the level of the total capital of the Company</u> and provision or <u>reversal</u> 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.</p> <p><u>Based on the earnings appropriation plan referred to in the preceding paragraph, the Board of Directors is authorized to distribute the stock dividends and bonus, in whole or in part, in cash, subject to a resolution adopted by a majority votes at a meeting of the Board of Directors attended by more than two-thirds of the total number of directors, and a report of such distribution shall be submitted to a shareholders' meeting.</u></p>	<p>and reimbursement of previous losses, followed by a 20% provision or <u>recovery</u> 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.</p>	
<p>Article 35 The Articles of Incorporation were 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,</p>	<p>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,</p>	<p>Add the date of amendment and delete the contents related to supervisors.</p>

<p>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; the 35th amendment was made on June 24, 2016; <u>and the 36th amendment was made on MM/DD/2022.</u></p>	<p>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.</p> <p><u>All clauses concerning supervisors in the Articles of Incorporation shall be removed from the date the Audit Committee is assembled.</u></p>	
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## The First Insurance Co., Ltd.

### Cross Reference Table for Amendments to Procedure for Acquisition or Disposal of Assets

Amended clauses	Original clauses	Description
<p>Article 6.</p> <p>Unless it is necessary to be subject to approval of the Board of Directors under related laws and regulations, <u>the investments shall be handled in accordance with laws, the Company's related regulations and requirements.</u></p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.</p>	<p>Article 6 Approving Authority</p> <p>Unless it is necessary to be subject to approval of the Board of Directors under related laws and regulations, <u>the Company's acquisition or disposal of assets, and purchase and sale of long-term/short-term securities investment shall be subject to the approval of the Chairman.</u></p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.</p>	Adjusted in response to the Company's investment management procedure.
<p>Article 8 Announcement and reporting standards</p> <p>Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (Subparagraphs 1 to 7 omitted)</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds, <u>or international bonds issued by a foreign central government with a sovereign</u></p>	<p>Article 8 Announcement and reporting standards</p> <p>Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (Subparagraphs 1 to 7 omitted)</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional</p>	Adjusted in response to the addition of provisions.

<p><u>rating not lower than the sovereign rating of the ROC.</u></p> <p>(2) Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for <u>foreign government bonds</u> in the primary market or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for or redemption of securities investment trust funds or futures trust funds, <u>or subscription for or reverse sale of ETNs,</u> or subscription by a securities firm of securities as needed by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omitted below)</p>	<p>investors - Securities trading on securities exchanges or OTC markets, or subscription for ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market or subscription for or redemption of securities investment trust funds or futures trust funds or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omitted below)</p>	
<p>Article 10 (Paragraph 1 omitted) In acquiring or disposing of real property, equipment, or right-of-use assets thereof, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. The appraisal</p>	<p>Article 10 (Paragraph 1 omitted) In acquiring or disposing of real property, equipment, or right-of-use assets thereof, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. The appraisal</p>	<p>Adjusted in response to the amended provisions.</p>

<p>report shall further comply with the following provisions: (Subparagraphs 1 to 2 omitted)</p> <p>3. Where any one of the following circumstances applies with respect to the legal real property appraisal organization's or professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(Omitted below)</p>	<p>report shall further comply with the following provisions: (Subparagraphs 1 to 2 omitted)</p> <p>3. Where any one of the following circumstances applies with respect to the legal real property appraisal organization's or professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(Omitted below)</p>	
<p>Article 15 (Paragraph 1 omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline standards of their affiliated associations</u> and the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence.</p> <p>2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The</p>	<p>Article 15 (Paragraph 1 omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence.</p> <p>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The</p>	<p>Adjusted in response to the addition of provisions.</p>

<p>related working procedures, data collected and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion and that they have evaluated and found that the information used is <u>adequate</u> and reasonable and that they have complied with applicable laws and regulations.</p>	<p>related working procedures, data collected and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion and that they have evaluated and found that the information used is reasonable and <u>accurate</u> and that they have complied with applicable laws and regulations.</p>	
<p>Article 17</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters are submitted to the Audit Committee for review and the Board of Directors for resolution: (Paragraphs 2 to 3 omitted)</p> <p><u>When the Company engages in the transactions referred to in Paragraph 1 and the transaction amount reaches 10 percent or more of the Company's total assets, the Company may not proceed to</u></p>	<p>Article 17</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters are submitted to the Audit Committee for review and the Board of Directors for resolution: (Paragraphs 2 to 3 omitted)</p>	<p>Adjusted in response to the addition of provisions.</p>



<u>enter into a transaction contract or make a payment until the matters prescribed in Paragraph 1 have been approved by the shareholders' meeting.</u>		
<p>Article 27      Date of Enforcement (Paragraphs 1 to 3 omitted) The 1st amendment was made on May 30, 2003. The 2nd amendment was made on June 15, 2007. The 3rd amendment was made on June 25, 2010. The 4th amendment was made on June 28, 2012. The 5th amendment was made on June 27, 2014. The 6th amendment was made on June 24, 2016. The 7th amendment was made on June 28, 2017. The 8th amendment was made on June 27, 2019. <u>The 9th amendment was made on MM/DD/2022.</u></p>	<p>Article 27      Date of Enforcement (Paragraphs 1 to 3 omitted) The 1st amendment was made on May 30, 2003. The 2nd amendment was made on June 15, 2007. The 3rd amendment was made on June 25, 2010. The 4th amendment was made on June 28, 2012. The 5th amendment was made on June 27, 2014. The 6th amendment was made on June 24, 2016. The 7th amendment was made on June 28, 2017. The 8th amendment was made on June 27, 2019.</p>	<p>Adjusted in response to the addition of provisions.</p>

**[The First Insurance Co., Ltd. - List of Names of Candidates for  
Director and Independent Director]**

Serial No.	Type of Nominee	Account No.	Name	ID No./Tax Identification Number	Academic background	Work experience	Whether or not he/she has served as the independent director for three consecutive terms?
1	Director	692	Yi Chi Co., Ltd.; Representative: C. H. Lee	23222308	Master, USIU, USA	Chairman, The First Insurance Co., Ltd. Executive Director, Chien Cheng Development Co., Ltd. Executive Director, Da Feng Construction Engineering Co., Ltd. Director, Hai Hwa Construction Co., Ltd. Director, Yi Chi Co., Ltd.	
2	Director	691	Chien Yi Industrial Co., Ltd., Juristic Person Representative: Cheng-Tsung Lee	23361075	Department of Civil Engineering, Tamkang University	Director, The First Insurance Co., Ltd. Chairman, Chien Cheng Development Co., Ltd. Chairman, Chien Yi Industrial Co., Ltd. Chairman, Hai Hwa Construction Co., Ltd. Executive Director, Bao Shan Construction Co., Ltd. Director, Tu Ho Enterprise Co., Ltd.	
3	Director	274	Cheng-Tu Lee	A122824685	Department of Accounting, Shih Chien University	Director, The First Insurance Co., Ltd. Chairman, Tu Ho Enterprise Co., Ltd. Chairman, Da Feng Construction Engineering Co., Ltd. Executive Director, Chien Cheng Development Co., Ltd. Supervisor, Chia Tai Construction Co., Ltd.	
4	Director	401	Chien Cheng Development Co., Ltd. Representative: Tien-Ching Yang	04362216	Disciplined in commerce, Chang Hwa Senior Commercial High School	Director, The First Insurance Co., Ltd. Supervisor, Taiwan Fuji Die Co., Ltd.	
5	Director	677	Da Feng Construction Engineering Co., Ltd. Representative: Chien-Yi Hsu	18537200	Department of Accounting, Soochow University	Director, The First Insurance Co., Ltd. Chairman, Chia Tai Construction Co., Ltd. Director, Yi Kuang Enterprise Development Co., Ltd. Supervisor, Taiwan Real Estate Management Co., Ltd.	

6	Director	741	Edward Y. C. Lee	A125089197	Master of Chemical Materials, Michigan State University	Director, The First Insurance Co., Ltd. Director, Yi Chih Co., Ltd. Director, Chien Cheng Development Co., Ltd. Director, Tsai Cheng Enterprise Co., Ltd.	
7	Director	1162	Chimax Development Company Representative: Chi-Chen Tu	30822587	Dept. of Land Administration, University of Chinese Culture	Director, The First Insurance Co., Ltd. Chairman, Chimax Development Company Chairman, Nippon Elevator Co., Ltd. Director, Yuanhu Construction Co., Ltd. Supervisor, Bao Shan Construction Co., Ltd.	
8	Director	91	Shao-Ying Lee	C101185185	Department of Civil Engineering, Tamkang University	Director, The First Insurance Co., Ltd. Director, Tsai Cheng Enterprise Co., Ltd. Director, Chien Cheng Development Co., Ltd. Supervisor, Da Feng Construction Engineering Co., Ltd. Director, Yung Chi Enterprise Co., Ltd.	
9	Director	303	Cheng-Chin Lee	A120634870	Corporate Management, Dept. of Business Administration, Takushoku University, Japan	Director, The First Insurance Co., Ltd. Chairman, Bao Shan Construction Co., Ltd. Executive Director, Chien Cheng Development Co., Ltd. Executive Director, Rai San Co., Ltd.	
10	Director	2123	Chang-Yi Chang	N120773926	MBA, Da-Yeh University	Chairman, Golden Light Enterprise Co., Ltd.	
11	Independent Director		Jui-Tung Lu	Q100762858	Dept. of Business Administration, Tamkang University	Independent Director, The First Insurance Co., Ltd. Auditor	No
12	Independent Director		Jui-Chou Lin	S100947353	MBA, School of Tourism, Ming Chuan University	Independent Director, The First Insurance Co., Ltd. Special Assistant of President, TAIAN ELECTRIC CO., LTD. Supervisor, Association of Tour Managers The Republic of China	No
13	Independent Director		Hsiu-Mei Lin	P220206852	Master of Commerce, Postgraduate Institute of Accounting, Soochow University	Independent Director, The First Insurance Co., Ltd. Tax Manager, KPMG in Taiwan Investment Banking Director, Masterlink Securities (Hong Kong) Corporation Limited CPA, Fengdi Certified Public Accountants Firm	No

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

### **Rules of Procedure for Board of Directors Meeting**

- Article 1      The following rules have been established in accordance with Paragraph 8, Article 26-3 of the Securities and Exchange Act (hereinafter referred to as the Act).
- Article 2      All issues relating to the Company's board of directors meetings, such as discussions, procedures, minutes details, announcements and compliance matters, shall proceed according to the following rules unless otherwise specified by law or the Articles of Incorporation.
- Article 3      Board of directors meetings shall be convened once every quarter. Convention of board meeting shall be communicated to directors 7 days in advance with detailed agenda; however, board meetings may be convened in shorter notices in case of emergency or at the request of more than half of board members.
- Meeting advices may be served in various forms such as written correspondence, fax or email.
- Article 4      Board meetings should be convened at the Company's premise and within office hours. However, meetings may also be convened at other locations and times that are convenient and suitable for directors to attend, depending on the nature of topics discussed.
- Article 5      The Planning Department is the parliamentary unit of the Company's Board of Director meetings.
- The meeting organizer is responsible for outlining the board of directors meeting agenda and preparing adequate meeting information, which will be distributed along with the meeting advice.
- Directors may request for supplemental information from the meeting organizer if they consider the prepared information to be inadequate.
- Directors may resolve to postpone certain agenda items if they consider the information presented to them to be inadequate.
- Article 6      Apart from decisions that are subject to board resolution under the Act, the Company's regular board meetings shall cover at least the following issues:
1. Reports:
- (1) Minutes of the previous meeting and execution of meeting conclusions.
- (2) Reports on key financial information.

- (3) Reports on internal audit.
- (4) Reports on other important issues.

2. Discussions:

- (1) Discussions carried forward from the previous meeting.
- (2) Discussions proposed for the current meeting.

3. Special motions.

Article 7 In addition to the scope of the board of directors' responsibilities outlined in the Articles of Incorporation, the following issues shall also be raised for discussion during board meetings:

- 1. The Company's operating plans.
- 2. Annual and semi-annual financial reports.
- 3. Establishment or amendments to the internal control system according to Article 14-1 of the Act, and evaluating the effectiveness of internal control system.
- 4. Establishment or amendments to asset acquisition and disposal procedures, derivative trading procedures, third party lending procedures, third party endorsement and guarantee procedures, and other procedures of major financial consequences according to Article 36-1 of the Act.
- 5. Offering, issuance, or private placement of securities with equity characteristics.
- 6. Appointment and dismissal of the head of finance, accounting, or chief internal auditor.
- 7. Major donation to non-related party. However, in the occurrence of a major natural disaster, emergency aids of charitable nature can be made first and acknowledged later during the next board of directors meeting.
- 8. Any decisions that must be resolved in a shareholder meeting or a board of directors meeting as required by Article 14-3 of the Act, or relevant regulations or Articles of Incorporation, and any major issues prompted by the competent authority.

Major donation to non-related party, as mentioned in Subparagraph 7 above, shall refer to any single or cumulative donations that amount to NT\$100 million or above in a year to the same party, or amounts that accumulate to more than 1% of net revenues or 5% of paid-up capital, as shown in the latest audited financial

statements.

The one-year period mentioned above shall refer to the one year dating back from the current board meeting. Amounts that have already been passed in previous board meetings may be excluded from calculation.

The Company shall not donate to any stakeholder or political party.

If the Company has independent directors in place, at least one independent director shall be personally present at each board of directors meeting. For any decisions specified in Paragraph 1 that require resolution from a board of directors meeting, all independent directors shall personally attend the board meeting. Independent directors who are unable to attend personally shall appoint another independent director to attend on behalf. 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 8 Attendance logs must be provided during board meetings and signed by the attending directors.

Directors are required to attend board meetings personally. Those who are unable to attend personally may seek proxy attendance by another director in a manner compliant with the Articles of Association. Directors who participate in the meeting using video conferencing are considered to have attended personally, but must fax over the attendance slip for record purpose.

If a director wishes to seek proxy attendance by another director, a separate proxy letter shall be issued for every board meeting, with the extent of delegated authority specified separately for each agenda item.

Each proxy attendant may only represent the presence of one absent director.

Article 9 The Company's board meetings shall be convened and chaired by the Chairman. However, the first meeting of a newly-elected board is convened by the director that received the highest number of votes during the shareholders' meeting elections. The meeting shall be chaired by the convener and if there are two or more persons having the right to convene the meeting, the chair of the meeting shall be elected from among themselves.

Where a meeting of the Board of Directors is convened by a majority of directors on their own initiative in accordance with Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, the chair shall be elected among these directors.

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.

Article 10 when the Board convenes its meeting, the Planning Department shall have relevant information ready for use at directors' request.

During Board meetings, the Board may, depending on the nature of discussed topics, call personnel of relevant departments to report on the Company's business performance and answer directors' queries and thereby provide directors with more insights into the Company's operations for more informed decisions.

Certified public accountants, lawyers, or other professionals may also be invited to provide statements and opinions in board meetings if necessary, but must disassociate from discussion and voting.

The chairperson may restrain directors from speaking repeatedly or outside the scope of the discussed topic, if their actions have prevented other directors from speaking or have affected the meeting's proceeding.

Article 11 The chairperson may commence board meeting when the time is due with more than half of all directors present. If the meeting is due to convene but less than half of the board is present, the chairperson may postpone the meeting for up to two times. If the number of participants remains insufficient after two postponements, the chairperson shall re-convene the meeting according to Article 3 of the conference rules.

The term "all directors" mentioned above shall refer to those who are currently in active duty.

Article 12 Board meeting discussions shall proceed according to the scheduled proceedings. However, changes to proceedings are allowed if agreed by more than half of attending directors.

The chairperson can not dismiss the meeting without the consent of more than half of all attending directors.

The chairperson may call the meeting into recess or proceed with negotiation at a suitable time.

If the number of remaining directors falls throughout the course of a meeting to less than half of the number of attending directors at the start of a meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply *mutatis mutandis*.

Article 13 The meeting chairperson may announce to discontinue further discussions if the topic is considered to have been sufficiently discussed to proceed with the vote.

A motion is considered passed if the chairperson receives no objection from any attending directors. Should any director express objection after being inquired by the chairperson, the discussed topic shall be resolved through vote.

The chairperson may choose to proceed with the vote in one of two methods: raise of hands or using ballots. However, if there is any participant who objects otherwise, the voting method shall be determined by the opinion of the majority.

Except for resolutions that are passed without objection, the voting process needs to be examined by independent directors whereas ballots are to be counted by the meeting organizer.

Unless otherwise regulated by The Company Act or the Articles of Incorporation, a motion is passed if it is supported by more than half of attending directors.

The attending directors mentioned in the four paragraphs above do not include directors who are not permitted to vote under Paragraph 1, Article 14.

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 proposal is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The outcome of the vote must be documented and announced on site.

The Company shall disclose on MOPS (Market Observation Post System) any board meeting resolutions that constitute material information as defined by law or the rules Taiwan Stock Exchange Corporation.

Article 14 If a director, or the corporate entity a director represents, is considered a stakeholder to the discussed topic, the director must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if the stakes are in conflict against the Company's interests. In addition, the director may not exercise voting rights on behalf of other directors.



Where the spouse, a blood relative within the second degree of kinship of a director or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Board resolutions that involve directors who are prohibited from exercising voting rights as mentioned above are governed by Paragraph 2, Article 206 and Paragraph 2, Article 180 of the Company Act.

Article 15 Proceeding of the Company's board of directors meetings shall be compiled into detailed minutes. The meeting minutes must record the following details:

1. The meeting session (or year), time, and venue.
2. Name of the meeting chairperson.
3. Directors' attendance, including the number and names of attendees, absentees, and those on leave of absence.
4. The names and designations of meeting participants.
5. Name of the minutes taker.
6. The reported issues.
7. Discussions: The methods by which resolutions were reached and outcomes of each motion; summary of opinions expressed by directors (including independent directors), experts and other personnel involved; the names of directors who held conflicting interests in the discussed topic as described in Paragraph 1 of the preceding Article, descriptions of the stakes involved, reasons for directors' disassociation or participation in the discussed topic, and whether the director had disassociated from the discussion/voting; any objections or qualified opinions expressed on record or in writing; and independent directors' written opinions raised according to Paragraph 5, Article 7.
8. Special motions: The name of the person who raised the motion; the method of resolution and outcome; summary of opinions expressed by directors, experts and other personnel; the names of directors who held conflicting interests in the discussed topic as described in Paragraph 1 of the preceding Article, descriptions of the stakes involved, reasons for directors' disassociation or participation in the discussed topic, and whether the director had

disassociated from the discussion/voting; and any objections or qualified opinions expressed on record or in writing.

9. Other details as deemed relevant.

If the board resolution involves any of the following, the details of which shall be addressed in the meeting minutes and posted onto the reporting website designated by the authority within 2 days after the board resolution is made:

1. Objections or qualified opinions expressed by independent directors on record or in writing.
2. Where an Audit Committee has been assembled, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of entire directors.

The attendance log constitutes part of the board meeting minutes, and therefore shall be kept properly over the Company's existence.

The meeting minutes must be signed or sealed by the chairperson and the minute taker, and distributed to all directors within 20 days after the meeting. It should also be treated as part of the Company's key files and retained as such over the Company's existence.

The preparation and distribution of meeting minutes, as described in Paragraph 1, can be made in electronic form.

Article 16 The Company's board of directors meetings shall be recorded in both video and audio, and kept for at least 5 years. The footage can be stored in electronic form.

Should any litigation arise with respect to a specific board meeting resolution before the abovementioned expiry, the relevant recordings must be retained as evidence until the litigation is concluded.

Where meetings are held by way of video conferencing, the recorded video and audio shall be treated as part of the meeting minutes, and kept properly over the Company's existence.

Article 17 Establishment and amendment of the conference rules are subject to approval by the board of directors, and acknowledgment in shareholder meeting.

Article 18 The above rules were first established on March 8, 2005.

The 1st amendment was made on April 27, 2006 and implemented since January 1, 2007.

The 2nd amendment was made on April 28, 2008.

The 3rd amendment was made on March 26, 2010.

The 4th amendment was made on December 26, 2012.

The 5th amendment was made on March 28, 2016, and effected since June 24, 2016.

The 6th amendment was made on August 28, 2017.

The 7th amendment was made on March 28, 2018.

The 8th amendment was made on February 27, 2020.

**The First Insurance Co., Ltd.**  
**Operating Procedure for the Company's Investment in Special  
Projects Public Utilities, and Social Welfare Enterprises**

- Article 1      The Procedure is adopted in accordance with the “Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises.”
- Article 2      The use of the Company's funds in special projects referred to herein shall be restricted to investments in or extension of loans for the following projects:
1. Emerging and key strategic projects or venture investment enterprises approved by the government.
  2. Industrial zone or regional development projects approved by the government.
  3. Purchase of houses by the homeless.
  4. Cultural and educational conservation and construction.
  5. Funeral facilities not distributed as public utilities listed in Article 3.
  6. Other use in line with the government policies.
- Article 3      The use of the Company's funds for public utilities referred to herein shall be restricted to the following utilities investment projects:
1. Transportation facilities of highways, railroads, harbors, parking lots and airports.
  2. Facilities of public utilities, such as water, electricity, telecommunications, etc.
  3. Construction of social housing and elderly residence projects.
  4. Environmental protection facilities, including river, sewage, garbage and waste disposal and funeral facilities, excluding cemeteries and columbariums.
  5. Construction of public-welfare facilities for public recreation.
  6. Other public utilities as promoted by the government or in line with the government's construction projects.
- Article 4      The Company's investment in social welfare business is limited to the business for social welfare operation that is established in accordance with the authorization of the competent authorities and the necessary facilities, including social assistance, welfare services, employment, social insurance and healthcare.
- Article 5      The investment targets of the Company, either special projects, public utilities and social welfare enterprises, shall be profitable and restricted to such companies limited by shares that are incorporated and registered in accordance with the Company Act, with the exception of such development and construction projects,

loans and investments as are in line with the government policies or making contribution to long-term care institutions registered in accordance with relevant laws.

Where the Company use its funds to invest in a special project and public utilities, the invested entity meeting any of the following criteria may be a limited partnership enterprise registered in accordance with the Limited Partnership Act without being subject to the restriction of company limited by shares provided in the preceding paragraph:

1. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses.
2. The invested entity is the cultural and educational conservation and construction project provided in Subparagraph 4, Article 2.
3. Other entity regulated by the competent authority.

Where the Company use its funds to engage in investments provided in the preceding paragraph, the Company must be a limited partner in the limited partnership enterprise and meet the following requirements:

1. The Company has established internal operating rules in accordance with relevant self-regulatory rules set out by the insurance association and filed with the competent authority for reference; and
2. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.

Article 6      The limits of the Company's investment in special projects, public utilities, and social welfare enterprises are specified as following:

1. The total investment shall be no more than 10% of the Company's capital in total.
2. The total amount of investment by the Company in one and the same entity shall be no more than 5% of the Company's capital except for the invested entity listed in Paragraph 2, Article 5.
3. The investment in one and the same entity shall comply with the following requirements:
  - (1) Where the invested entity is a venture investment enterprise and the entity referred to in the subparagraph 3, Paragraph 2, Article 5, such amount shall be no more than 25% of the invested entity's paid-in

capital or actual capital contribution.

- (2) Where the invested entity is an enterprises referred to in Article 3 and Article 4, such amount shall be no more than 45% of the invested entity's paid-in capital or actual capital contribution. The foregoing is not applied, if the Company meets the following conditions and obtains the approval of the competent authority:

1. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.
2. The investment project has been approved by the Board of Directors and independent directors and Audit Committee have been delegated too.
3. There have been no major violations of the internal control procedure governing various applications of funds in the immediately preceding year, or the violations have been rectified and the rectification has been affirmed by the competent authorities with relevant supporting document.
4. There have been no major sanctions or disciplinary actions imposed by the competent authority in the most recent year, however, this does not include violations that have been rectified and affirmed by the competent authority.
5. Where this is not the first investment and the investment amount is no less than 45% of the invested entity's paid-in capital or actual capital contribution, the invested entity shall shows no accumulated losses in the financial statement for the most recent period, unless the invested entity is a private institution regulated by the Act for Promotion of Private Participation in Infrastructure Projects (hereinafter referred to as the Act for PPP).

- (3) Except for the invested entity prescribed in the preceding two items, such amount shall be no more than 10% of the invested entity's paid-in capital or actual capital contribution.
4. In case of securitization products issued by the Company aiming at the contents set forth in Article 3 and 4 as the target, the Company may invest within the limit of 10% of the total amount of the securitization products, free of the restriction of the investment ratio set forth in the preceding Sub-paragraph.

5. The total amount of the Company invested in the entity listed in Paragraph 2, Article 5 shall not exceed 2% of its total funds.

The major sanctions and disciplinary actions as prescribed in Item 2-4, Sub-paragraph 3 of the preceding Paragraph and Item 1-5, Sub-paragraph 2, Paragraph 3, Article 9 refer to one of the major sanctions and disciplinary actions as specified in Subparagraphs 1~12, Article 2 of the FSC's Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws and a fine of at least three times the minimum statutory amount for a single violation action as prescribed in Sub-paragraph 13 of said Regulations.

Where, after the Company uses the funds in special projects, public utilities and social welfare enterprises, the invested entity is found qualified to accept investments under the sub-paragraph 3 or 4, Paragraph 1 of Article 146-1 of the Insurance Act, the investments in such entity shall be governed by the sub-paragraph 3 or 4, Paragraph 1 of Article 146-1 of the Insurance Act instead, provided that if said investment exceeds the ratio as prescribed in the sub-paragraph 3 or 4 of Paragraph 1 or Paragraph 2 of Article 146-1 of the Insurance Act, no additional funds shall be invested by the Company in the entity unless the entity requires a capital increase by the Company on a pro rata basis subject to the Company's original equity share in the entity.

Where the Company and its stakeholders jointly hold a venture investment enterprise in the subparagraph 1, Article 2, and the sub-paragraph 1, Paragraph 2, Article 5 or take any methods to achieve controlling and subordinate relations with the same venture investment entity, the following requirements shall be met:

1. The Company may not take any direct or indirect methods via the venture investment entity to intervene in the business management and investment decisions of the same entity and its invested entity;
2. The combined investments of the Company and the venture investment entity in a company stock whose public issuance is approved by law as prescribed in the subparagraph 3, Paragraph 1, Article 146-1 of the Insurance Act may not exceed the limit as prescribed in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act.

The company stocks identified in the sub-paragraph 3, Paragraph 1, Article 146-1 of the Insurance Act as invested by the venture investment entity referred to in the sub-paragraph 2 of the preceding Paragraph, which the Company shall combine

into the calculation, the investment is calculated based on the Company's investment ratio in the venture investment entity. Where the limit is exceeded, the Company shall comply with the following regulations before the condition is improved:

1. The Company's shareholding in the aforementioned company stock may not be increased;
2. The venture investment entity's shareholding in said company stock which the Company shall combine into the calculation may not be increased.

#### Article 7

If the total amount of the Company invested in one and the same invested exceeds half of the paid-in capital or half of the total outstanding voting shares of such invested entity, the followings shall be complied with:

1. The Company shall ensure that the invested entity has set up an internal audit unit and set out in its internal control system the procedures and methods for self-assessment operation. Compliance with this implementation shall be tracked periodically by the Company.
2. The Company shall ensure that the invested entity has agreed to provide at least an annual audit report or self-assessment report to the Company. The Company shall also ensure that the invested entity has agreed to submit a report to it within 10 days from the date the invested entity has found any violation or abnormality of the internal control system while conducting a project or annual audit.
3. The Company shall ensure that the invested entity has agreed it to conduct an on-site audit on the invested entity during the investment period.
4. If the income after tax of the invested entity in the most recent accounting year is negative or the invested entity generates accumulated losses after the investment, the Company shall submit an improvement plan to its Board of Directors within two months from the date the financial report has been prepared by the invested entity. Additionally, the Internal Audit Office of the Company shall submit a quarterly audit report on the implementation of the improvement plan to the Board of Directors.
5. The Internal Audit Office shall track the improvement status of the invested entity on the deficiencies and extraordinary circumstances mentioned in the subparagraph 2 and conduct an on-site audit on the invested entity once every six months. The relevant tracking and audit items shall be included in scope of the internal control and audit of the Company. If any misconduct or



material malpractice is detected, the Company shall immediately inform the invested entity and periodically prepare a tracking report. The completed audit and tracking report shall be submitted to the latest meeting of the Board of Directors of the Company.

6. The subsidiaries shall comply with the required control procedure according to the Regulations Governing Implementation of Internal Control and Auditing System of Insurers and Regulations Governing Establishment of Internal Control Systems by Public Companies.

7. The Company shall establish a monitoring and audit management system. Such monitoring and audit system shall at least include the regulations prescribes in the preceding six subparagraphs and be submitted to and passed by the Board of Directors. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.

The audit and tracking report prescribed in the subparagraph 5 of the preceding paragraph shall be signed by the president, general internal audit officer and chief compliance officer of the Company. The content of the audit report shall at least include the followings:

1. Operating status of the invested entity;
2. Quarterly financial statement of the invested entity;
3. The meeting minutes and the implementation status of the resolutions passed by the board of directors of the invested entity;
4. The implementation status of the resolutions passed by a shareholders' meeting of the invested entity;
5. The existence of violation or abnormalities in the internal control system of the invested entity; and
6. Whether the invested entity has been involved in any misconduct or material malpractice.

The Company shall comply with Article 11 of the Regulations Governing Public Disclosure of Information by Property Insurers to disclose the audit report for the implementation of investment improvement plans listed in the sub-paragraph 4, Paragraph 1 as well as the complete audit report of the invested entity listed in the subparagraph 5 in the same Paragraph to the public under the notes which shall be made under the information disclosure website. Said disclosure information shall be updated within ten days after submission to the Board of Directors.

- Article 8      When using its funds for special projects, public utilities and social welfare enterprises, the Company shall apply for approval from the competent authority by submitting the following documents:
1. Investment plan and objectives (including objectives, method, market analysis, cost analysis, analysis of long-term and short-term return on investment, composition of shareholders or partners' structure of the limited partnership enterprise and management team). This document can be replaced by a letter of opinion on the financial adequacy of the investment project issued by a certified public accountant and a letter of legal opinion on the legitimacy of the investment project issued by a qualified lawyer where the investment is made onto an enterprise with the items enumerated under Articles 3 and 4.
  2. Details of the funds used for the special project or public utilities or social welfare enterprises, and analysis of return (including analysis of return on investment in each phase with explanatory notes).
  3. Financial statements of the invested entity. This document does not need to be attached if the invested entity has been established for less than a year.
  4. Summary of the limited partnership agreement draft if the invested entity is the limited partnership enterprise provided in Paragraph 2, Article 5.
  5. Documents regarding decisions resolved or powers authorized by the Board of Directors.
  6. Letters of approval issued by the relevant authorities.
  7. Other information specified by the competent authority.

- Article 9      If the Company meets any of the following circumstances, it may proceed to use its fund for special projects, public utilities and social welfare enterprises per resolution by the Board of Directors or within the scope authorized by the Board of Directors. Notwithstanding, it shall still have the documents referred to in Paragraph 1 of the preceding article submitted to the competent authority for subsequent review.
1. The Company increases its monetary investment in an entity for such project as has been approved by the competent authority, without increasing its original share or contribution in the total investment in the project.
  2. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses and the public utilities listed in Article 3 and the entity listed in Sub-paragraph 3,

Paragraph 2, Article 5, and the total amount that the Company invests in one and the same entity is less than NT\$500 million and less than 5% of the owner's equity of the Company.

3. The invested entity is not such an enterprise as specified in the preceding Sub-paragraph and the total amount that the Company invests in one and the same entity is less than NT\$50 million and less than 2% of the owner's equity of the Company.

4. Other circumstances regulated by the competent authority.

When the Company is executing the investment referred to in the preceding paragraph, its owned capital and risk-based capital ratio in the most recent period shall comply with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.

If the invested entity is the entity regulated by the Act for PPP and the following investment amount and conditions are met, the Company can invest in such entity. Notwithstanding, it shall still have the documents referred to in Paragraph 1 of the preceding article submitted to the competent authority for subsequent review.

1. The total amount of investment in one and the same project of the Company is less than NT\$1 billion and 10% of the owner's equity of the Company, and the following conditions are fulfilled:

- (1) The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.
- (2) The Company shall submit the documents referred to in the preceding article to the Board of Directors for resolution and approval prior to the investment.

2. The total amount of investment in one and the same project of the Company is less than NT\$5 billion and 10% of the owner's equity of the Company and the following conditions are fulfilled:

- (1) The financial conditions, corporate governance and internal control of the Company must fulfill the following conditions:
  1. Both of the owned capital and risk-based capital ratio of the Company in the most recent period and the average owned capital and risk-based capital ratio of the Company over the most recent two years are 250% at least.
  2. The documents referred to in the preceding article have been

submitted to the Board of Directors and resolved and approved by a majority of the directors at the Board meeting attended by over two-thirds of all directors before the investment is made.

3. Independent directors and Audit Committee have been delegated.
  4. There have been no major violations of the internal control procedure governing various applications of funds in the immediately preceding year, or the violations have been rectified and the rectification has been affirmed by the competent authority.
  5. There have been no major sanctions or disciplinary actions imposed by the competent authority in the most recent year, however, this does not include violations that have been rectified and affirmed by the competent authority.
- (2) The investment project complies with the financial standards set forth by the insurance association and filed with the competent authority for reference, has the guarantee or risk sharing mechanism provided by the authority in charge, and stipulates dispute settlement mechanism and the documents referred to in Paragraph 1 of the preceding article have been submitted to the Board of Directors for resolution and approval prior to the investment.
1. The Company's owned capital and risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Insurance Act.
  2. The Company shall submit the documents referred to in the preceding article to the Board of Directors for resolution and approval prior to the investment.

The total amount of investment referred to in Paragraph 3 made in accordance with the Act for PPP refers to the total amount of royalty, construction cost and rent paid by the Company under the investment contract.

Article 10 The Company handles special use of loans as follows:

1. Loans guaranteed by credit guarantee institutions authorized by the banks or competent authorities;
2. Loans guaranteed with the collateral of properties or real properties;
3. Loans guaranteed with collateral of marketable securities in compliance with Article 146-1 of the Insurance Act;

The Company must collect 100% collateral for the loans granted to the person in

charge, employees or major shareholders referred to in the preceding paragraph, or the stakeholders of the person in charge or the responsible loan officer; also, the loan terms and conditions shall not be superior to other similar debtors. If the loan amount exceeds the threshold stipulated by the competent authorities, it must be with the consent of three-fourths of the directors at a meeting attended by more than two-thirds of the whole directors. The scope, quota, total loan amount, and other binding matters for the stakeholders shall apply the “Regulations for Extending Loans by Insurance Enterprises to Stakeholders.” For the Company with the latest equity capital and risk capital ratio over 200%, the special loans arranged in accordance with the government policy may be reported to the competent authority and exempted from the restrictions referred to in Paragraph 1 upon the competent authority's approval.

Article 11      Operating Procedure for the Company’s Investment in Special Projects, Public Utilities, and Social Welfare Enterprises

1. Evaluation and operating procedure

- (1) Investment limit and level of authority: the investment shall be made after being reported to the Board of Directors for review and approval, upon approval by the Chairman in accordance with the approving procedure per the Company's “Level of Authority for Investment Policy Decision Making.”
- (2) The selection and preliminary evaluation shall be carried by the Administration Department. It shall compile the invested company's preliminary profile and prepare the “evaluation report” upon research thereon per said case selection standards. The “evaluation report” must contain the objectives, method, market analysis, cost analysis, analysis of long-term and short-term return on investment, composition of shareholders and management team, profitability and business outlook.
- (3) Upon preparation of the approval request, evaluation report and related documents, the Administration Department shall submit the same to the Chairman for approval and then to the Board of Directors for review and approval.

2. Procedure for determination of transaction terms:

- (1) The Administration department proceeded with the following transactions per the methods and amount approved by the Board of Directors.

- (2) In order to ensure the return on investment, control risks or strengthen the strategic cooperative relationship between both parties, an “Investment Agreement” may be executed per the Company's request.

### 3. Internal Control System

- (1) Risk control: To check whether or not the risk over the investment project satisfies the Procedure.
- (2) Control by the operating procedure:
  1. Whether the restrictions on investment ratio prescribed herein are satisfied.
  2. Whether or not the evaluation contents satisfy the evaluation and operating procedure herein.
  3. Whether or not the proposed investment project is approved per the procedure and reviewed and approved by the Board of Directors.
  4. Whether or not the related documents are complete and subject to the competent authority's approval.
  5. Whether or not the required procedures are completed satisfactorily, if an “Investment Agreement” is required by the proposed investment project.
- (3) Periodic evaluation and performance analysis: the Administration Dept. shall evaluate and analyze the performance of the investment project periodically and submit the same for approval through the approving procedure.

### 4. Internal audit system

- (1) Internal audit framework: the Auditing Department is established under the Board of Directors. The Auditing Department is responsible for conducting the audit and reporting the same to the Chief Internal Auditor and then submitting it to the Board of Directors.
  - (2) Frequency of audit: the audit shall be conducted at least once per year and an audit report shall be prepared therefor.
  - (3) Scope of audit: the audit is conducted in accordance with the Procedure and related laws and regulations.
  - (4) The audit reporting procedure and follow-up on corrections of defects shall be determined subject to the Company's internal audit system.
5. The Administration Department management shall supervise and control the audit from time to time and shall also evaluate the performance periodically

and report the same to the Board of Directors.

Article 12 Any matters not covered herein shall be governed by related laws and the Company's other related operating procedures.

Article 13 The Procedure shall be submitted to the competent authority for future reference and also reported to a shareholders' meeting after it is approved by the Board of Directors. The same shall apply where the Procedure is amended.  
The Procedure was established on February 27, 2020.

# The First Insurance Co., Ltd.

## Rules of Procedure for Shareholders' Meeting

Passed during AGM dated August 12, 2021

1. Unless otherwise specified by law or the Articles of Incorporation, shareholder 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. Election or dismissal of directors, amendments to 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, the dissolution, merger or demerger of the Company or any matter under Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the general meeting. None of the above matters may be raised as a special motion.

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. 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. 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.

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 shall call the meeting to order at the appointed meeting time and also announce the information about the number of present shareholders without voting rights and number of shares represented by all present shareholders at the same time. 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 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.

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.

In either of the two arrangements described above, the chairperson can not dismiss the meeting while an agenda item (including special motions) is still in progress.

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 items listed on the agenda, and may raise new discussions by way of special motion.

13. Shareholders who wish to speak during the meeting must first produce an opinion slip detailing the topic and shareholder account number (or conference pass serial 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.

When a shareholder is an interested party in relation to an agenda item and there is the

likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any 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 a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the 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 shareholder 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. 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, and the name list of directors losing the election and number of votes received by them.

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 chair'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 in the meeting, all picketers (security staff) must wear arm badges that identify their role as "Picketer."
- 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 Rules shall take effect immediately once approved during shareholder meeting. The same applies to all subsequent revisions.

# The First Insurance Co., Ltd.

## Procedure for Election of Directors

Passed during AGM dated August 12, 2021

### Article 1

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 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.

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, 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.

### 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 electeds than the number of seats allocated, the candidates who received an equal number of votes shall draw for the remaining seats available. The chair 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 ballot is invalid under any of the following circumstances:

1. The ballot is not the one prepared by the convener.
2. Blank ballots are cast into the ballot box.
3. Ballots with illegible writing or are altered.
4. The candidate whose name is entered in the ballot does not conform to the directors' candidate list.
5. Other words are entered in addition to the number of voting rights allotted.
6. The words on the ballot are altered.
7. The number of votes specified on the ballot exceeds that to be represented.

#### Article 10

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 11

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

# **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 services 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 run in a prominent position on the daily news circulated within the jurisdiction in which the Company is situated.

### **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 Shareholders' Meetings

Article 11: The Company convenes two types of shareholder meeting, namely 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 the convening of the extraordinary shareholders' meeting, and make corresponding public announcements in compliance with the 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, shareholders' 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 in an capacity shall be appointed according to Article 208 of the Company Act. For

shareholders' 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 when otherwise regulated by law, a shareholders' 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: Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair, 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 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 less than one-fifths of the 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 the 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 the 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 the 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 supervisors have served their term or agreed to full dismissal.

## 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% (inclusive), which the Board of Directors may decide to distribute in cash or in shares. Employees who meet certain criteria are entitled to receive remuneration. Up to 0.6% (inclusive) 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: Organizational 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.

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

## **Procedure for Acquisition or Disposal of Assets**

### **Article 1 Purpose**

The Company's acquisition or disposal of assets shall be governed by the Procedure, in order to protect assets and implement the information disclosure.

### **Article 2 Basis**

The Procedure is enacted in accordance with Article 146 of the Insurance Act and related requirements under the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by Financial Supervisory Commission (hereinafter referred to as “FSC”).

### **Article 3 The term “assets” as used herein include the following:**

1. Investments in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial securities and asset-backed securities;
2. Real property (including land, houses and buildings, investment property, and inventories of construction companies ).
3. Membership cards;
4. Patents, copyrights, trademarks, franchise and other intangible assets;
5. Right-of-use assets;
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables);
7. Derivatives;
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with law;
9. Other important assets.

### **Article 4 Evaluation Procedure**

1. The transaction price for acquisition or disposition of securities, which are not traded in securities exchanges or OTC markets, shall be decided based on the net worth per share, profitability, future development, market interest rate, coupon rate, debtor's credit rating and the transaction price prevailing at that moment.
2. The transaction price for acquisition or disposition of securities traded in securities exchanges or OTC markets shall be decided based on the price of the securities prevailing at that moment.
3. The acquisition or disposal of other assets referred to in the preceding two subparagraphs shall be done in any of the manners including price inquiry,

price comparison, bargain process and tender process, and also by taking into account the publicly announced current value, assessed value, and actual transaction price for the real property in the neighborhood. If the transaction amount satisfies the standards of regulatory filing and announcement herein, the professional appraiser's appraisal report shall be considered for reference.

Article 5 Procedure for Acquisition or Disposal of Assets

1. The case handling unit shall evaluate the causes, subject matters, trading counterparts, transfer price, collection & payment terms and conditions and reference price basis related to the acquisition or disposal, and then report the same to the responsible unit for decision making and have the same executed by the Administration Department. Related matters shall be handled in accordance with the relevant requirements defined under the Company's internal control system, and the Procedure.
2. The execution unit responsible for securities investment refers to the investment group. The execution units responsible for real property and other fixed assets refer to the requesting department and related responsible units. The investment in any assets other than securities investments, real property and other fixed assets shall be done upon evaluation by the related execution units.
3. The operations about acquisition or disposal of assets shall be handled in accordance with the relevant requirements defined under the Company's internal control system. Any personnel found committing material violations shall be disciplined subject to the circumstances.

Article 6 Approving Authority

Unless it is necessary to be subject to approval of the Board of Directors under related laws and regulations, the Company's acquisition or disposal of assets and purchase and sale of long-term/short-term securities investment shall be subject to the approval of the Chairman.

When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.

Article 7 Investment Limit

The total amount of investment by the Company in acquisition or disposal of real property not for business use and the right-of-use assets thereof or securities shall

be determined in accordance with Article 146-1 and Article 146-2 of the Insurance Act.

#### Article 8      Announcement and reporting standards

Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Mergers, demergers, acquisitions and transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedure.
4. Where equipment for business use or right-of-use assets thereof are acquired or disposed of and furthermore the trading counterpart is not a related party and the transaction amount meets any of the following criteria:
  - (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - (2) For a public company whose paid-in capital is more than NT\$10 billion, the transaction amount reaches NT\$1 billion or more.
5. Acquisition or disposal by the Company engaged in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the trading counterpart is not a related party and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the trading counterpart is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint

construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and furthermore the trading counterpart is not a related party and the amount the Company expects to invest in the transaction reaches NT\$500 million.

7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - (1) Trading of domestic government bonds.
  - (2) Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market or subscription for or redemption of securities investment trust funds or futures trust funds or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
  - (3) Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterpart within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced

in accordance with the Procedure need not be counted toward the transaction amount.

When the Company at the time of announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company shall, upon acquisition or disposal of assets, keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except if another act provides otherwise.

Article 9 Time Limit for Announcement and Reporting

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 10

In acquiring or disposing of real property or right-of-use assets thereof, the Company shall obtain an appraisal report from a legal real property appraisal organization prior to the date of occurrence of the event. Where the transaction amount of acquisition or disposal of equipment or right-of-use assets thereof reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. The appraisal report shall

further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the legal real property appraisal organization's or professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser or legal real property appraisal organization and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11      When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price. Where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of



Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

- Article 12 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership cards and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall also comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- Article 13 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph, Article 8 and "within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a legal real property appraisal organization or a CPA's opinion has been obtained pursuant to the Procedure need not be counted toward the transaction amount.
- Article 14 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.
- Article 15 Professional appraisers and their officers, certified public accounts, attorneys and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions or underwriter's opinions shall meet the following requirements:
1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act or the Business Entity Accounting Act or for fraud, breach of trust, embezzlement, forgery of documents or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence or since a pardon was received.
  2. May not be a related party or de facto related party of any party to the transaction.

3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy and reasonableness of the sources of data used, the parameters and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 16 When the Company engages in any acquisition or disposal of assets from or to a related party, it shall ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Article 13.

When judging whether or not a trading counterpart is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 17 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the

following matters are submitted to the Audit Committee for review and the Board of Directors for resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterpart.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.
4. The date and price at which the related party originally acquired the real property, the original trading counterpart and that trading counterpart's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a legal real property appraisal organization or a CPA's opinion obtained in compliance with the relevant requirements.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Paragraph 2, Article 8 and "within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the Audit Committee for review and reported to the Board of Directors for resolution pursuant to the Procedure need not be counted toward the transaction amount.

When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.

Article 18 When acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in

the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the competent authority.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been more than 70% of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparts.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When acquiring real property or right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs and also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party or through engaging a related party to build real property, either on the Company's own land or on rented land.

Article 19 When the results of the Company's appraisal conducted on the real property or right-of-use assets thereof acquired from a related party in accordance with the relevant requirements are both lower than the transaction price, the following requirements shall be satisfied:

1. A special reserve shall be set aside in accordance with the relevant requirements against the difference between the real property transaction

price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where the investor using the equity method to account for its investment in the Company is a public company, then the special reserve called for under the relevant requirements shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company.

2. The Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two sub-paragraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Meanwhile, the Company, after having set aside a special reserve under the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium or they have been disposed of or the leasing contract has been terminated or adequate compensation has been made or the status quo ante has been restored or there is other evidence confirming that there was nothing unreasonable about the transaction and that the competent authority has given its consent

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms-length transaction.

Article 20 The Company shall engage in derivatives trading, if any, in accordance with the Company's "Procedure for Derivatives Trading" and shall notice the risk management and audit matters in order to practice the internal control system.

Article 21 When participating in merger, demerger, acquisition or transfer of shares, the Company shall, prior to convening the directors' meeting to resolve on the matter, also engage a CPA, attorney-at-law or securities underwriter to give an opinion on the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining said opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which the Company directly or indirectly holds 100% of the issued shares or authorized capital and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

The Company shall prepare a public report to the shareholders detailing important contractual contents and matters relevant to the merger, demerger or acquisition

prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders' notification of the shareholders' meeting for reference in deciding whether or not to approve the merger, demerger or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger or acquisition, this restriction shall not apply.

Further, where the shareholders' meeting of any one of the companies participating in a merger, demerger or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes or other legal restrictions or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures and the preliminary date of the next shareholders' meeting.

**Article 22** The Company shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the Securities and Futures Institute is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: including the occupational titles, names and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or execution of any merger, demerger, acquisition or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract and the convening of a board of directors' meeting.
3. Important documents and minutes: including merger, demerger, acquisition and transfer of shares plans, any letter of intent or memorandum of understanding, material contracts and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in the subparagraphs 1 and 2 of the preceding paragraph to the FSC for future reference. Where any of the companies participating in a merger, demerger, acquisition or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company (companies) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the preceding two paragraphs.

- Article 23      The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances when participating in merger, demerger, acquisition or transfer of shares and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition or transfer of shares:
1.    Cash capital increase, issuance of convertible corporate bonds or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity-based securities.
  2.    An action, such as a disposal of major assets, that affects the Company's financial operations.
  3.    An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  4.    An adjustment where any of the companies participating in the merger, demerger, acquisition or transfer of shares from another company, buys back treasury stock pursuant to laws.
  5.    An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition or transfer of shares.
  6.    Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.

The Company's contract for the merger, demerger, acquisition or transfer of shares shall record the relevant requirements to maintain the rights and obligations of the companies participating in the merger, demerger, acquisition or transfer of shares.

Article 24      Requirements about Subsidiaries' Acquisition or Disposal of Assets

1.    Any subsidiary, when acquiring or disposing of assets, shall also comply with the parent company's relevant requirements.

2. Where the subsidiary, which is not a domestic public company, needs to disclose its acquisition or disposal of assets to the public in accordance with the standards referred to in Article 8, the parent company may do so on behalf of the subsidiary.
3. The 20 percent of the Company's paid-in capital or 10 percent of the total assets referred to in the subsidiary's disclosure and reporting standards is calculated based on the parent company's paid-in capital or total assets. The subsidiary referred to herein means an invested company in which the Company holds more than 50% of the outstanding voting shares directly, or indirectly via another subsidiary, and so on, or an invested company in which the Company, directly and also indirectly via another subsidiary, holds more than 50% of the outstanding voting shares in total, and so on.

Article 25 For the calculation of 10% of total assets herein, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the calculation under the provisions of the Procedure regarding transaction amounts relative to 20 percent of the paid-in capital, 10 percent of the equity attributable to owners of the parent shall apply.

Article 26 Disclosures in Financial Statements

Where the Company's acquisition or disposal of assets meet the announcement and reporting standards referred to in Article 8 and the trading counterpart is a de facto related party, the contents to be announced shall be disclosed in the notes to the financial statements and reported to a shareholders' meeting.

Article 27 Date of Enforcement

The Procedure shall be reported to a shareholders' meeting for approval, upon review by the Audit Committee and resolution by the Board of Directors. The same shall apply where the Procedure is amended.

When a transaction for acquisition or disposal of assets shall be submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the Board of Directors' meeting minutes.

The Procedure was established on October 26, 1999.

The 1st amendment was made on May 30, 2003.



The 2nd amendment was made on June 15, 2007.

The 3rd amendment was made on June 25, 2010.

The 4th amendment was made on June 28, 2012.

The 5th amendment was made on June 27, 2014.

The 6th amendment was made on June 24, 2016.

The 7th amendment was made on June 28, 2017.

The 8th amendment was made on June 27, 2019.

Directors' shareholding position as recorded in the shareholder registry on April 25, 2022 (the book closure date)

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 Chih Co., Ltd. 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. Representative: Cheng-Tsung Lee	June 27, 2019	3 years	7,385,189	2.45%	7,385,189	2.45%
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 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. Representative: Tien-Ching Yang	June 27, 2019	3 years	18,806,192	6.24%	18,806,192	6.24%
Director	OSTA Trading Co., Ltd. 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)

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

★ Based on shareholder registry as at the book closure date

Whole directors' shareholding: 18.51%; 55,776,114 shares