



旺旺友聯產物保險股份有限公司
Union Insurance Co., Ltd.

2019 Annual General Meeting Handbook

Time: 9:00 AM on June 18, 2019

Place: International Reception Hall, The Grand Hotel, 2F, No.1, Sec. 4, Zhong-Shan North Road, Taipei City

Union Insurance Company

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Union Insurance Company
2019 Annual General Meeting Procedures

Time: 9:00 AM on June 18, 2019

Venue: International Reception Hall, The Grand Hotel, 2F, No.1, Sec. 4, Zhong-Shan North Road., Taipei City

- I. Call the Meeting to Order.
- II. Chairperson Takes Chair
- III. Management Presentation (Company Reports)
 - (I) To Report 2018 Business Reports and Financial Statements
 - (II) To report the Audit Committee's Review of the 2018 Financial Statements
 - (III) To Report the 2018 Employee and Director Remuneration Distribution Report.
 - (IV) To report the amendments to the "Procedures of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises."
- IV. Proposals
 - (I) Adoption of the 2018 Financial Statements.
 - (II) Adoption of the proposal for 2018 Earnings Distribution Report.
- V. Discussions
 - (I) To discuss the partial amendments to the "Operational Procedures for Acquisition and Disposal of Assets."
 - (II) To discuss the partial amendments to the Company's "Articles of Incorporation."
- VI. Election of the 25th term of Board of Directors
- VII. Extempore Motions
- VIII. Adjournment

Company Report

(I) 2018 Business Report and Financial Statements:

[For details, please refer to the Company's 2018 Business Report and Financial Statements as set out in Attachments I to III] (Pages 8-26)

(II) 2018 Audit Committee Review Report:

[Audit Committee's Review Report is set out in Attachment IV] (Page 27)

(III) 2018 Employees' and Directors' Remuneration Distribution.

I. According to regulation of the Article 35, paragraph 1 to the Company's Articles of Incorporation, if there is profit at the end of the fiscal year, a ratio from 1% to 5 % of profit of the current year distributable as employees' compensation shall be appropriated and no more than 5% of the distributable profit shall be allocated as the Directors compensation. However, if there are still accumulated losses, certain profits shall first be allocated to make up for accumulated losses, then the remaining balance shall be made available to allocate any bonuses or compensations.

II. The distribution for Employee Bonus and Directors Remuneration resolved by the Company's Remuneration Committees and Board of Directors which was proposed to allocate 1.4% and 0.9% of profits as Employee Bonus and remuneration for Directors. The total amount is NT\$9,000,000 and NT\$6,000,000 and shall be distributed in cash, which the amount of expenditures recognized is no different from the amount of expenditures recognized in 2018.

(IV) To report the amendments to the "Procedures of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises."

[The Comparison Table of the amendments to the Operational Procedure of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises is set out in Attachments V] (Pages 28-31)

Proposals

Proposal 1: proposed by the Board of Directors

Subject: Please proceed the adoption of the Company's 2018 Business Report and Financial Statements. Explanation:

- I. To handle in accordance with the provisions in Article 20 Paragraph 1, Article 228 Paragraph 1 of the Company Act and Article 36 of the Securities and Exchange Act.
- II. The Company's 2018 Business Report is prepared as in Attachments I (Pages 8-9).
- III. The Company's 2018 consolidated and individual financial statements certified by CPA's Li Feng-Hui, Zhong Dan-Dan of CPA firm KPMG Taiwan are attached as in Attachments [Attachments II to III] (Pages 10-26).

Resolution:

Proposal 2: proposed by the Board of Directors

Subject: Please proceed the adoption the proposal for 2018 Earnings Distribution Report. Explanation:

- I. The net profit after tax of the Company for 2018 was NT\$605,619,903. The attributable profit NT\$307,565,738, after the net profit after tax was adjusted for other project and allocated legal surplus reserve and special surplus reserve, shall be distributed to shareholders as cash dividend was NT\$191,664,000.
- II. In accordance with the Company's actual shares outstanding, each share is distributed with cash dividends of NT\$0.9 and calculated up to 1 unit of NT dollar amount. The remainder will be discarded and then included in the Company's other income item. After approval at the shareholders' meeting, the Board of Directors shall delegate the Chairman to set ex-dividend date.
- III. In the event that the proposed profit distribution is affected by factors such as changes in the number of outstanding shares due to the changes in the capital that may be subject to the changes in the ratio of dividend distribution, the Board of Directors is authorized to amend such related matters and announce it.
- IV. Earnings Distribution Table was prepared in accordance with profit distribution related provisions in Article 36 of the Company' Articles of Incorporation.

Resolution:

Union Insurance Company
Earnings Distribution Statement
2018

Unit: NT\$1,000

Item	Amount	
	Subtotal	Total
Unappropriated retained earnings at the beginning of the period		67,498,639
Impact of application of IFRS 9	(45,649,937)	
Actuarial gains and losses change in the current period	(30,599,767)	
Equity instruments measured at FVTOCI	100,955,116	
Reversal of special reserve (Note 2)	528,620	
Net Profit After Tax in the Current Period	605,619,903	
Subtotal		698,352,574
Allowance Items		
Less: Legal surplus reserve	(121,123,981)	
Less: Special reserve (Note 1)	(266,634,755)	
Less: Special reserve (Note 2)	(3,028,100)	
Distributable earnings		307,565,738
Distribution items		
Shareholders' bonus: cash dividend of NT\$0.9 per share	(191,664,000)	
Unappropriated retained earnings at the ending of the period		115,901,738

Note 1: The special reserves set aside pursuant to provisions in Article 8, 9 and 10 of Regulations Governing Insurance Enterprises for Setting Aside Various Reserves shall be based on the remaining balance after deduction of income tax pursuant to International Accounting Standards No. 12 and be set aside in the account of "Special Capital reserve" under "Owner's Equity."

Note 2: According the Order NO. 10502066461 dated July 13, 2016 issued by the Financial Supervisory Commission, the Company's distribution of earnings for fiscal years from 2016 to 2018 shall be set aside for the "Employee Training and Transformation Plan." Later when the expenditure is used, the same amount shall be reversed from the balance of Special Reserve.

Note 3: 2018 Earnings is preferentially allocated to dividends, which are calculated based on 212,960,000 outstanding shares.

Discussion

Proposal 1: proposed by the Board of Directors

Subject: Adoption of the amendment to the Company's "Operational Procedures for Acquisition and Disposal of Assets."

Explanation:

- I. Proceed as per Order No. 1070023202 issued by TWSE and the FSC-certified Financial-Supervisory-Securities-Corporate-1070341072 dated November 26, 2018 issued by the Taiwan Securities and Futures Commission.
- II. The Comparison Table of the amendments is attached in [Attachment VI], (pages 32-50).

Resolution:

Proposal 2: proposed by the Board of Directors

Subject: Amendment to the Company's Articles of Incorporation.

Explanation:

- I. Partial amendment to the Company's Articles of Incorporation pursuant to the Order No. 10700083291 issued by Ministry of Economic Affairs dated August 1, 2018 that is promulgated by the presidential decree.
- II. The Comparison Table of amendments is attached in [Attachment VII] (Page 51).

Resolution:

Election Items

proposed by the Board of Directors

Proposal: Please proceed to discuss on the re-election of all Directors for 25th Board of Directors.

Explanation:

- I. The Directors of the current 24th term will expire on June 23, 108. Pursuant to Article 195-1 and Article 199-1 of the Company Act, Article 14-2 and Article 14-4 of Securities and Exchange Act, nine Directors including 3 Independent Directors shall be elected for the 25th term of election for Directors. The term of office will run from June 18, 2019 to June 17, 2022 for a term of three years. The 24th Directors will be dismissed after the election of the 25th new Directors.
- II. The Company adopted the candidates nomination system for the Independent Directors. The list of candidates that were examined and approved by the 37th meeting held by the 25th term Board of Directors on April 26, was as below:

Sequence number	Name	Major academic (work) experience	Current Position	Number of Shares Held at the Close of Business on the Book Closure Date
1	Wang Dong Liang	Education: Master of Laws, Law Institute, Chinese Culture University. Work experience: Wong & Co., Solicitors, Lecturer of National Central University and of Taiwan Police College.	Wong & Co., Solicitors.	181,976 shares
2	Ping-Kai Kuo	Education: Ph.D. in Economics from the University of Rochester, the United States of America and a Master of Finance from the National Chengchi University. Work experience: Professor of the National Chengchi University; Independent Director of the Company's Property Insurance Co., Ltd.; Director of Taiwan Tobacco & Liquor Corporation.	Professor of the National Chengchi University; Independent Director of the Company's Property Insurance Co., Ltd.; Director of Taiwan Tobacco & Liquor Corporation.	0 share
3	Ma Yu Fung	Education: Ph.D. in Business Administration from National Taipei University. Experience: Assistant Professor, Department of Business Administration, St. John's University.	Professor of the Corporate Management Department of the University of Science and Technology of the John K.	0 share

Election results:

Extempore Motions

Meeting Adjourned

Attachment 1

Union Insurance Company

2018 Business Report

I. Operating Directions

The Company continues to improve and implement corporate governance, strengthen professional, improve product and service quality. We shall fulfill corporate social responsibility and pursue long-term sustainable and sustainable underwriting profit. We will create a foundation for sustainable development of our shareholders. The Group will also integrate its resources with the Group's resources for global layout. Continue to uphold the spirit of the Group. We regard our employees as important resources; working confidently, we all are one, heart to heart, with the spirit to unite those who are like-minded to create high-performance and share the fruitful results, while creating new business territory to achieve the Company's culture and business concept so that both the Company and the employees are better than ever. That is all for the Company's colleagues to work hard to follow the business policy.

II. Implementation Overview and Results

The global economy continues to expand in the first half of 2018. The third quarter has been affected by the trade war between the US and China. Taiwan stocks fell 915 points throughout the year, private consumption momentum slowed down, and annual auto sales growth decreased 2.1%. The property and casualty insurance market are still affected by the merger of enterprises and changes in the business structure. The 2018 annual insurance premiums for the property and casualty insurance market were NT\$164.86 billion, an increase of NT\$8.88 billion, or 5.69%, from the NT\$155.98 billion in the fiscal year 2017. The Company continued to expand its business channels, strengthen the renewal rate and actively develop corporate insurance business. The premium income from the Group's insurance premiums in 2018 reached a record high. The amount of Premium Income from Written Policy reached NT\$9.862 billion in 2018, increased NT\$738 million from NT\$9.088 billion of 2017. The market ranked 6th with a market share of 6%.

In the course of prudent assurance and screening of the quality of the products and appropriate asset allocation, the Company has performed its annual underwriting performance and investment performance in 2018. The positive liquidity structure and the satisfactory cash levels of the investment are high, and the capital strength of the Group is highly competitive, and the credit rating of the Group is relatively strong. The Company continued to receive ratings of "A-/stable" and "twAA/stable" from S&P and Taiwan Ratings respectively. And the rating outlook was "stable." AM Best confirms the Company - Level (excellent) Financial Strength Rating (FSR) and "A-level." The outlook for the above credit rating (referred to as "rating") is stable.

III. Operating Revenue

(I) Operating revenue

The premium income from the year of 2018 was stable and the amount of premiums earned from retained maturity was NT\$6,856 million, representing an increase of NT\$538 million from NT\$6,318 million in 2017. The Company's total net investment revenue was NT\$230 million, representing a decrease of 30.5% and NT\$101 million from NT\$331 million in 2017 due to Taiwan Stock performance in the second half of 2018 was not good. Overall operating revenue was NT\$7,708 million, representing an increase of 6.5% and NT\$468 million from NT\$7,240 million of 2017.

Attachment 1 (Continued)

(II) Operating expenses

In 2018, the risk of the disaster and accident incidents was relatively low from the previous years, and the Self-remaining loss rate was 52.54%.

Total operating costs amounted to NT\$5,164 million, representing an increase of NT\$428 million and increase of 9.04% from NT\$4,736 million in 2017. The operating expenses were NT\$1,953 million, representing an increase of NT\$107 million and an increase of 5.8% from NT\$1,846 million in 2017.

IV. Profitability Analysis

The performance of investment revenue was not as good as before, however, the earnings of underwriting reached higher than before. The net profit before tax was NT\$625 million, representing a decrease of NT\$39 million and a decrease of 5.8% from NT\$664 million in 2017. The net profit after tax was NT\$603 million, representing a decrease NT\$60 million and 9.05% from NT\$663 million in 2017. Earnings per share after tax was NT\$2.84; Shareholders' Equity increased to NT\$4,838 million from NT\$4,314 in 2017, representing a high increase of 12.14%. Net Worth per share increased to NT\$22.72.

V. Research and Development

In response to the multiple emerging risks, the Company has been actively promoting the automobile-related insurance, agricultural insurance, rate insurance and travel risk to transfer the policyholders' risk. The Company also developed insurance policies with spillover profits, such as the car insurance UBI or the health insurance products that match the needs of the wearable devices to reduce driver's accident risk and losses.

Regarding the core system renovation project, the auto insurance system has been successfully completed and launched. The B2B and B2C store systems and network insurance systems development have also been upgraded and brought into high growth performance. About the significant changes that the International Accounting Standards IFRS17 "Insurance Contracts" will soon bring to the insurance industry. The Company has set up an ad hoc group to conduct research and incorporate new requirements into the core system transformation project in response to future business challenges.

In the face of increasingly fierce market competition, the Company continues to promote Fintech (financial technology); conduct core system transformation projects, build a Big Data platform, and combine multiple resources to provide excellent service quality for customers. Strengthening customer trust and interaction to replace price competition, we are committed to practice the Company's social responsibility, and continue to build the Company to become the most trusted insurance company for customers.

Chairman: HUNG,CHI-HSIUNG

Manager: LIU, CHIH-MING

Accounting Supervisor: KUO, FEI-WEN

Attachment 2

Independent Auditors' Report

To the Board of Directors of Union Insurance Co., LTD.:

Opinion

We have audited the financial statements of Union Insurance Co., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined the key audit matters that should be performed in the financial report are as follows:

1. Impairment assessment of investment property

Please refer to Note 4(i) "Investment property" and Note 4(o) "Impairment of non financial assets" for the related accounting policy regarding investment property, as well as Note 6(h) for details on the information about the valuation.

Description of key audit matter:

The Company evaluates the impairment of its investment properties periodically via the appraising methods of fair value. The reference of fair value is mainly the market trade, however, the selection of appraising methods involved the exercise of significant professional judgments. Therefore, impairment assessment of investment property has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing the management whether evaluates the investment properties in accordance with the control procedures of impairment indications, while considering how the management decides the proper ways to evaluate the adequacy of investment property impairment evaluation.

2. The assessment of insurance liability

Please refer to Note 4(p) “Insurance liabilities” for the related accounting policy regarding the assessment of insurance liability, Note 5(a) for accounting assumptions and estimation uncertainty of insurance liability, and Note 6(m) for details on the information about the assessment of insurance liability.

Description of key audit matter:

The Company measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules, of which the judgment of future uncertainty and related hypothetical parameters include claim development factor and expected claim rate used in estimating the claim reserve, as well as the reserve of unearned premium is based on the calculated factors according to characteristics of each insurance type. Above mentioned assessment is involved the exercise of significant professional judgments. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: engaging our internal actuarial specialists to perform relevant audit procedures over insurance liability, inspecting whether the methods and parameters of insurance liabilities are in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China; independently establishing models to recalculate the amount of reserves and further comparing the result of recalculation with the one provided by the management; the appropriateness of actuarial assumptions based on internal data or industry experiences with the characteristics of insurance products, performing the changes of insurance liabilities analysis, including understanding of industry and market, and evaluating the rationality of actuarial assumption adopted by the management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Feng-Hui Lee and Tan-Tan Chung.

KPMG

Taipei, Taiwan (Republic of China) March
25, 2019

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD.

Balance Sheets December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017			December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
11000 Cash and cash equivalents(note 6(a))	\$ 2,268,129	13	2,585,164	16	21000 Accounts payable(note 6(b) and (e))	\$ 1,209,944	7	1,254,165	8
12000 Receivables(note 6(b))	888,537	5	711,557	4	21700 Current tax liabilities	13,914	-	-	-
12600 Current tax assets	5,395	-	16,690	-	24000 Insurance liabilities(note 6(m))	10,899,072	63	10,284,374	63
14110 Financial assets at fair value through profit or loss(note 6(f))	653,974	4	1,442,930	9	27000 Provisions(note 6(k))	275,649	2	254,150	2
14190 Financial assets at fair value through other comprehensive income(note 6(f))	987,120	6	-	-	28000 Deferred tax liabilities(note 6(n))	63,920	-	63,920	-
14120 Available-for-sale financial assets(note 6(f))	-	-	1,384,607	9	25000 Other liabilities	40,652	-	51,670	-
14140 Financial assets at cost(note 6(f))	-	-	1,260	-	Total liabilities	12,503,151	72	11,908,279	73
14145 Financial assets at amortized cost(note 6(f))	1,239,344	7	-	-					
14150 Investments accounted for using equity method, net(note 6(g))	38,794	-	41,140	-	Equity				
14160 Investments in debt instrument without active market(note 6(f))	-	-	450,000	3	31100 Ordinary share(note 6(o))	2,129,600	12	2,129,600	13
14170 Held-to-maturity financial assets(note 6(f))	-	-	524,591	3	33100 Legal reserve(note 6(o))	456,160	3	328,895	2
14180 Other financial assets, net(note 6(f))	4,027,034	23	2,120,519	13	33200 Special reserve(note 6(m) and (o))	1,764,966	10	1,495,014	10
14200 Investment property, net(note 6(h))	846,807	5	1,036,970	6	33300 Total unappropriated retained earnings(note 6(o))	431,190	3	347,153	2
15000 Reinsurance assets(note 6(c))	4,510,868	26	4,151,807	26	34100 Exchange differences on translation of foreign financial statements	668	-	(864)	-
16000 Property and equipment(note 6(i))	1,037,396	6	816,841	5	34210 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income(note 6(o))	55,224	-	-	-
17000 Intangible assets	134,484	1	74,893	1	34250 Unrealized gains (losses) on available-for-sale financial assets(note 6(o))	-	-	14,608	-
18000 Other assets	703,077	4	863,716	5	Total equity	4,837,808	28	4,314,406	27
Total assets	\$ 17,340,959	100	16,222,685	100	Total liabilities and equity	\$ 17,340,959	100	16,222,685	100

(English Translation of Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2018		2017		Change
	Amount	%	Amount	%	
41000 Operating revenue:					
41110 Written premium	9,825,722	128	9,087,522	126	8
41120 Reinsurance premium	412,541	5	572,463	8	(28)
41100 Premium	10,238,263	133	9,659,985	134	
51100 Less: Reinsurance expense	3,216,960	42	2,986,337	42	8
51310 Net change in unearned premiums reserve	169,992	2	362,577	5	(53)
41130 Retained earned premium	6,851,311	89	6,311,071	87	
41300 Reinsurance commission received	613,076	8	581,000	8	6
41500 Net income(loss) from investments					
41510 Interest income	76,978	1	67,647	1	14
41521 Gains on financial assets or liabilities at fair value through profit or loss	60,207	1	184,104	3	(67)
41522 Realized gains on available-for-sale financial assets	-	-	20,433	-	(100)
41523 Realized gains on financial assets or liabilities at cost	-	-	140	-	(100)
41527 Realized gains (losses) on financial assets at fair value through other comprehensive income	25,930	-	-	-	-
41540 Share of loss of associates and joint ventures accounted for using equity method (note 6(g))	(3,878)	-	(716)	-	(442)
41550 Foreign exchange gains (losses), investments	(779)	-	(13,707)	-	94
41570 Gains (losses) on investment property	46,756	1	48,649	1	(4)
41585 Expected credit losses or reversal of expected credit losses of investments (note 6(f))	44	-	-	-	-
41800 Total other operating income	26,045	-	21,788	-	20
Operating revenue, net	7,695,690	100	7,220,409	100	
51000 Operating costs:					
51200 Total insurance claim payment	5,268,064	68	5,360,373	74	(2)
41200 Less: Claims recovered from reinsurers	1,728,553	22	2,060,122	28	(16)
51260 Retained claim payment	3,539,511	46	3,300,251	46	
51300 Net change in other insurance liability(note6(m))					
51320 Net change in claim reserve	63,915	1	8,287	-	671
51340 Net change in special claim reserve	(2,775)	-	(41,011)	(1)	93
51350 Net change in premium deficiency reserve	4,314	-	(14,550)	-	130
51380 Net change in reserve for insurance with nature of financial instrument	-	-	(44,087)	(1)	100
51500 Commission expense(note)	1,515,268	20	1,449,900	20	5
51800 Other operating costs(note)	37,966	-	66,917	1	(43)
51700 Finance costs(note)	2,095	-	1,471	-	42
Total operating costs	5,160,294	67	4,727,178	65	
58000 Operating expenses:					
58100 General expenses	1,585,686	21	1,468,988	21	8
58200 Administrative expenses	345,247	4	364,596	5	(5)
58300 Staff training expenses	1,441	-	1,292	-	12
58400 Expected credit losses or reversal of expected credit losses of non-investments	10,345	-	-	-	-
Total operating expenses	1,942,719	25	1,834,876	26	
Net operating income	592,677	8	658,355	9	(10)
59100 Gains (losses) on disposals of property and equipment	2	-	-	-	-
59900 Other non-operating income and expenses, net	34,067	-	5,103	-	568
Total non-operating income and expenses	34,069	-	5,103	-	-
62000 Profit from continuing operations before tax	626,746	8	663,458	9	(6)
63000 Less: Tax expense (income)	21,126	-	-	-	-
Profit	605,620	8	663,458	9	(9)
83000 Other comprehensive income:					
83100 Components of other comprehensive income that will not be reclassified to profit or loss					
83110 Gains (losses) on remeasurements of defined benefit plans	(30,600)	-	(16,039)	-	(91)
83190 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	84,825	1	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	54,225	1	(16,039)	-	438
83200 Other components of other comprehensive income that will not be reclassified to profit or loss					
83210 Exchange differences on translation	1,532	-	587	-	161
83220 Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	61,424	1	(100)
83250 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	(667)	-	100
Components of other comprehensive income that will be reclassified to profit or loss	1,532	-	61,344	1	(98)
83000 Other comprehensive income, net	55,757	1	45,305	1	23
Total comprehensive income	\$ 661,377	9	708,763	10	
Basic earnings per share	\$ 2.84		3.12		
Diluted earnings per share	\$ 2.84		3.11		

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest			Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets		
Balance at January 1, 2017	\$ 2,129,600	292,293	1,205,844	25,506	(1,451)	-	(46,149)	3,605,643	
Profit	-	-	-	663,458	-	-	-	663,458	
Other comprehensive income	-	-	-	(16,039)	587	-	60,757	45,305	
Total comprehensive income	-	-	-	647,419	587	-	60,757	708,763	
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	36,602	-	(36,602)	-	-	-	-	
Special reserve appropriated	-	-	289,170	(289,170)	-	-	-	-	
Balance at December 31, 2017	2,129,600	328,895	1,495,014	347,153	(864)	-	14,608	4,314,406	
Effects of retrospective application	-	-	-	(45,650)	-	71,355	(14,608)	11,097	
Equity at beginning of period after adjustments	2,129,600	328,895	1,495,014	301,503	(864)	71,355	-	4,325,503	
Profit	-	-	-	605,620	-	-	-	605,620	
Other comprehensive income	-	-	-	(30,600)	1,532	84,825	-	55,757	
Total comprehensive income	-	-	-	575,020	1,532	84,825	-	661,377	
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	127,265	-	(127,265)	-	-	-	-	
Special reserve appropriated	-	-	269,952	(269,952)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(149,072)	-	-	-	(149,072)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	100,956	-	(100,956)	-	-	
Balance at December 31, 2018	\$ 2,129,600	456,160	1,764,966	431,190	668	55,224	-	4,837,808	

See accompanying notes to financial

(English Translation of Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 626,746	663,458
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,397	36,853
Amortization expense	12,816	9,636
Interest expense	2,095	1,471
Interest income	(76,978)	(67,647)
Net change in insurance liabilities	630,174	95,046
Net change in reserve for insurance with nature of financial instrument	-	(44,087)
Net change in other provisions	(9,101)	(793)
Expected credit loss (Reversal of credit loss)	(44)	-
Expected credit loss (Reversal of credit loss)	10,345	-
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	3,878	716
Loss (gain) on disposal of property and equipment	(2)	-
Loss (gain) on disposal of investment properties	-	(1,141)
Provision for bad debt expense	-	7,005
Total adjustments to reconcile profit (loss)	<u>611,580</u>	<u>37,059</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(52,529)	(21,432)
Increase in premiums receivable	(123,489)	(24,583)
Increase in other receivable	(3,972)	(11,685)
Decrease (increase) in financial assets at fair value through profit or loss	1,184,302	(599,932)
Decrease in financial assets at fair value through other comprehensive income	100,028	-
Increase in financial assets at amortised cost	(265,414)	-
Decrease (increase) in other financial assets	(1,906,515)	307,918
Decrease (increase) in reinsurance assets	(359,061)	240,518
Decrease in prepaid expenses and other prepayments	-	(6,527)
Increase in available-for-sale financial assets	-	(34,898)
Decrease in held-to-maturity financial assets	-	6,009
Decrease (increase) in other assets	98,083	(29,535)
Total changes in operating assets	<u>(1,328,567)</u>	<u>(174,147)</u>
Changes in operating liabilities:		
Increase (decrease) in other payable	(44,221)	74,959
Increase (decrease) in other liabilities	(11,018)	41,583
Total changes in operating liabilities	<u>(55,239)</u>	<u>116,542</u>
Cash inflow (outflow) generated from operations	(145,480)	642,912
Interest received	69,643	65,808
Interest paid	(2,095)	(1,471)
Income taxes refund (paid)	4,083	-
Net Cash flows from (used in) operating activities	<u>(73,849)</u>	<u>707,249</u>
Cash flows from (used in) investing activities:		
Acquisition of investments in debt instrument without active market	-	(200,000)
Acquisition of property and equipment	(68,319)	(16,150)
Proceeds from disposal of property and equipment	3	-
Acquisition of intangible assets	(25,327)	(2,829)
Acquisition of investment properties	(471)	(1,005)
Proceeds from disposal of investment properties	-	2,050
Net cash flows from (used in) investing activities	<u>(94,114)</u>	<u>(217,934)</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(149,072)	-
Net cash flows from (used in) financing activities	<u>(149,072)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(317,035)	489,315
Cash and cash equivalents at beginning of period	2,585,164	2,095,849
Cash and cash equivalents at end of period	<u>\$ 2,268,129</u>	<u>2,585,164</u>

Attachment 3

Representation Letter

The entities that are required to be included in the combined financial statements of Union Insurance Co., LTD. as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Union Insurance Co., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Union Insurance Co., LTD.

Chairman: HUNG, CHI-HSIUNG

Date: March 25, 2019

Independent Auditors' Report

To the Board of Directors of Union Insurance Co., LTD.:

Opinion

We have audited the consolidated financial statements of Union Insurance Co., LTD. and its subsidiary (“the Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined the key audit matters that should be performed in the financial report are as follows:

1. Impairment assessment of investment property

Please refer to Note 4(i) “Investment property” and Note 4(o) “Impairment of non financial assets” for the related accounting policy regarding investment property, as well as Note 6(g) for details on the information about the valuation.

Description of key audit matter:

The Group evaluates the impairment of its investment properties periodically via the appraising methods of fair value. The reference of fair value is mainly the market trade, however, the selection of appraising methods involved the exercise of significant professional judgments. Therefore, impairment assessment of investment property has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing the management whether evaluates the investment properties in accordance with the control procedures of impairment indications, while considering how the management decides the proper ways to evaluate the adequacy of investment property impairment evaluation.

2. The assessment of insurance liability

Please refer to Note 4(p) “Insurance liabilities” for the related accounting policy regarding the assessment of insurance liability, Note 5(a) for accounting assumptions and estimation uncertainty of insurance liability, and Note 6(l) for details on the information about the assessment of insurance liability.

Description of key audit matter:

The Group measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules, of which the judgment of future uncertainty and related hypothetical parameters include claim development factor and expected claim rate used in estimating the claim reserve, as well as the reserve of unearned premium is based on the calculated factors according to characteristics of each insurance type. Above mentioned assessment is involved the exercise of significant professional judgments. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: engaging our internal actuarial specialists to perform relevant audit procedures over insurance liability, inspecting whether the methods and parameters of insurance liabilities are in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China; independently establishing models to recalculate the amount of reserves and further comparing the result of recalculation with the one provided by the management; the appropriateness of actuarial assumptions based on internal data or industry experiences with the characteristics of insurance products, performing the changes of insurance liabilities analysis, including understanding of industry and market, and evaluating the rationality of actuarial assumption adopted by the management.

Other Matter

The Group has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Feng-Hui Lee and Tan-Tan Chung.

KPMG

Taipei, Taiwan (Republic of China) March
25, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2018</u>		<u>December 31, 2017</u>				<u>December 31, 2018</u>		<u>December 31, 2017</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
11000	Cash and cash equivalents(note 6(a))	\$ 2,272,302	13	2,588,349	16	21000	Accounts payable(note 6(b) and (e))	\$ 1,225,216	7	1,271,877	8
12000	Receivables(note 6(b))	892,354	5	716,976	4	21700	Current tax liabilities	13,914	-	-	-
12600	Current tax assets	5,395	-	16,690	-	24000	Insurance liabilities(note 6(l))	10,912,538	63	10,307,142	63
14110	Financial assets at fair value through profit or loss(note 6(f))	662,519	4	1,442,930	9	27000	Provisions(note 6(j))	276,404	2	254,539	2
14190	Financial assets at fair value through other comprehensive income(note 6(f))	987,120	6	-	-	28000	Deferred tax liabilities(note 6(m))	63,929	-	63,920	-
14120	Available-for-sale financial assets(note 6(f))	-	-	1,402,480	9	25000	Other liabilities	40,917	-	51,815	-
14140	Financial assets at cost(note 6(f))	-	-	1,319	-		Total liabilities	<u>12,532,918</u>	<u>72</u>	<u>11,949,293</u>	<u>73</u>
14145	Financial assets at amortized cost(note 6(f))	1,239,344	7	-	-		Equity attributable to owners of parent:				
14160	Investments in debt instrument without active market(note 6(f))	-	-	450,000	3	31100	Ordinary share(note 6(n))	2,129,600	12	2,129,600	13
14170	Held-to-maturity financial assets(note 6(f))	-	-	524,591	3	33100	Legal reserve(note 6(n))	456,160	3	328,895	2
14180	Other financial assets, net(note 6(f))	4,063,814	23	2,155,848	13	33200	Special reserve(note 6(l) and (n))	1,764,966	10	1,495,014	10
14200	Investment property(note 6(g))	847,200	5	1,037,349	6	33300	Unappropriated retained earnings(note 6(n))	431,190	3	347,153	2
15000	Reinsurance assets(note 6(c))	4,527,713	26	4,175,055	26	34100	Exchange differences on translation of foreign financial statements	668	-	(864)	-
16000	Property and equipment(note 6(h))	1,038,298	6	817,865	5	34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	55,224	-	-	-
17000	Intangible assets	134,610	1	75,045	1	34250	Unrealized gains (losses) on available-for-sale financial assets	-	-	14,608	-
17800	Deferred tax assets(note 6(m))	554	-	1,196	-		Total equity attributable to owners of parent:	<u>4,837,808</u>	<u>28</u>	<u>4,314,406</u>	<u>27</u>
18000	Other assets	722,892	4	882,810	5	36000	Non-controlling interests	<u>23,389</u>	<u>-</u>	<u>24,804</u>	<u>-</u>
							Total equity	<u>4,861,197</u>	<u>28</u>	<u>4,339,210</u>	<u>27</u>
Total assets		<u>\$ 17,394,115</u>	<u>100</u>	<u>16,288,503</u>	<u>100</u>	Total liabilities and equity		<u>\$ 17,394,115</u>	<u>100</u>	<u>16,288,503</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2018		2017		Change
	Amount	%	Amount	%	
41000 Operating revenue:					
41110 Written premium	\$ 9,848,073	128	9,113,770	126	8
41120 Reinsurance premium	412,798	5	571,518	8	(28)
41100 Total Premium	10,260,871	133	9,685,288	134	
51100 Less: Reinsurance expense	3,235,650	42	3,008,515	42	8
51310 Net change in unearned premiums reserve	169,107	2	358,718	5	(53)
41130 Retained earned premium	6,856,114	89	6,318,055	87	
41300 Reinsurance commission received	621,738	8	591,665	8	5
41500 Net income(loss) from investments					
41510 Interest income	77,748	1	68,479	1	14
41521 Gains on financial assets or liabilities at fair value through profit or loss	53,326	1	184,104	3	(71)
41522 Realized gains on available-for-sale financial assets	-	-	21,355	-	(100)
41523 Realized gains on financial assets or liabilities at cost	-	-	140	-	(100)
41527 Realized gains (losses) on financial assets at fair value through other comprehensive income	25,930	-	-	-	-
41550 Foreign exchange gains (losses), investments	(779)	-	(13,707)	-	94
41570 Gains (losses) on investment property	47,510	1	48,614	1	(2)
41585 Expected credit losses or reversal of expected credit losses of investments(note 6(f))	44	-	-	-	-
41800 Total other operating income	26,045	-	21,788	-	20
Operating revenue, net	7,707,676	100	7,240,493	100	
51000 Operating costs:					
51200 Total insurance claim payment	5,272,926	68	5,361,984	74	(2)
41200 Less: Claims recovered from reinsurers	1,732,404	22	2,060,706	28	(16)
51260 Retained claim payment	3,540,522	46	3,301,278	46	
51300 Net change in other insurance liability(note 6(l))					
51320 Net change in claim reserve	61,467	1	9,955	-	517
51340 Net change in special claim reserve	(2,775)	-	(41,011)	(1)	93
51350 Net change in premium deficiency reserve	4,357	-	(14,550)	-	130
51380 Net change in reserve for insurance with nature of financial instrument	-	-	(44,087)	(1)	100
51500 Commission expense	1,519,919	20	1,455,591	20	4
51800 Other operating costs	38,022	-	66,982	1	(43)
51700 Finance costs	2,095	-	1,473	-	42
Total operating costs	5,163,607	67	4,735,631	65	
58000 Operating expenses:					
58100 General expenses	1,585,799	20	1,469,101	21	8
58200 Administrative expenses	355,499	5	375,798	5	(5)
58300 Staff training expenses	1,441	-	1,292	-	12
58400 Expected credit losses or reversal of expected credit losses of non-investments	10,345	-	-	-	-
Total operating expenses	1,953,084	25	1,846,191	26	
Net operating income	590,985	8	658,671	9	(10)
59000 Non-operating income and expenses:					
59100 Gains (losses) on disposals of property and equipment	2	-	-	-	-
59900 Other non-operating income and expenses, net	34,108	-	5,129	-	565
Total non-operating income and expenses	34,110	-	5,129	-	
62000 Profit from continuing operations before tax	625,095	8	663,800	9	(6)
63000 Less: Tax expense (income) (note 6(m))	21,813	-	774	-	2,718
Profit	603,282	8	663,026	9	(9)
83000 Other comprehensive income:					
83100 Components of other comprehensive income that will not be reclassified to profit or loss					
83110 Gains (losses) on remeasurements of defined benefit plans(note 6(j))	(30,600)	-	(16,039)	-	(91)
83190 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	84,825	1	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	54,225	1	(16,039)	-	438
83200 Other components of other comprehensive income that will not be reclassified to profit or loss					
83210 Exchange differences on translation	2,455	-	942	-	161
83220 Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	60,354	1	(100)
Components of other comprehensive income that will be reclassified to profit or loss	2,455	-	61,296	1	(96)
83000 Other comprehensive income, net	56,680	1	45,257	1	25
Total comprehensive income	\$ 659,962	9	708,283	10	(7)
Net income attributable to:					
Owners of parent	\$ 605,620	8	663,458	9	(9)
Non-controlling interests	(2,338)	-	(432)	-	(441)
	\$ 603,282	8	663,026	9	
Comprehensive income (loss) attributable to:					
Owners of parent	\$ 661,377	9	708,763	10	(7)
Non-controlling interests	(1,415)	-	(480)	-	(195)
\$	659,962	9	708,283	10	
Basic earnings per share(note 6(o))	\$ 2.84		3.12		
Diluted earnings per share(note 6(o))	\$ 2.84		3.11		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity For the years ended December 31, 2018 and 2017 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest					Total equity
	Share capital		Retained earnings			Unrealized gains					
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total equity attributable to owners of parent	Non-controlling interests		
Balance at January 1, 2017	\$ 2,129,600	292,293	1,205,844	25,506	(1,451)	-	(46,149)	3,605,643	25,284	3,630,927	
Profit	-	-	-	663,458	-	-	-	663,458	(432)	663,026	
Other comprehensive income	-	-	-	(16,039)	587	-	60,757	45,305	(48)	45,257	
Total comprehensive income	-	-	-	647,419	587	-	60,757	708,763	(480)	708,283	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	36,602	-	(36,602)	-	-	-	-	-	-	
Special reserve appropriated	-	-	289,170	(289,170)	-	-	-	-	-	-	
Balance at December 31, 2017	2,129,600	328,895	1,495,014	347,153	(864)	-	14,608	4,314,406	24,804	4,339,210	
Effects of retrospective application	-	-	-	(45,650)	-	71,355	(14,608)	11,097	-	11,097	
Equity at beginning of period after adjustments	2,129,600	328,895	1,495,014	301,503	(864)	71,355	-	4,325,503	24,804	4,350,307	
Profit	-	-	-	605,620	-	-	-	605,620	(2,338)	603,282	
Other comprehensive income	-	-	-	(30,600)	1,532	84,825	-	55,757	923	56,680	
Total comprehensive income	-	-	-	575,020	1,532	84,825	-	661,377	(1,415)	659,962	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	127,265	-	(127,265)	-	-	-	-	-	-	
Special reserve appropriated	-	-	269,982	(269,982)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(149,072)	-	-	-	(149,072)	-	(149,072)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	100,956	-	(100,956)	-	-	-	-	
Balance at December 31, 2018	\$ 2,129,600	456,160	1,764,996	431,160	668	55,224	-	4,837,808	23,389	4,861,197	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNION INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2018	2017
Cash flows from operating activities:		
Profit before tax		
Adjustments:	\$	
Adjustments to reconcile profit (loss):	625,095	663,800
Depreciation expense	38,579	38,490
Amortization expense	12,847	9,666
Interest expense	2,095	1,473
Interest income	(77,748)	(68,479)
Net change in insurance liabilities	620,872	98,018
Net change in reserve for insurance with nature of financial instrument	-	(44,087)
Net change in other provisions	(8,735)	(4,489)
Reversal of credit loss on investments	(44)	-
Expected credit loss on non-investments	10,345	-
Gain on disposal of property and equipment	(2)	-
Gain on disposal of investment properties	-	(1,141)
Provision for bad debt expense	-	7,005
Total adjustments to reconcile profit (loss)	<u>598,209</u>	<u>36,456</u>
Changes in operating assets:		
Increase in notes receivable	(52,548)	(21,432)
Increase in premiums receivable	(121,969)	(24,427)
Increase in other receivable	(4,063)	(13,639)
Decrease (increase) in financial assets at fair value through profit or loss	1,193,689	(599,932)
Decrease in financial assets at fair value through other comprehensive income	100,028	-
Increase in financial assets at amortized cost	(265,414)	-
Decrease (increase) in other financial assets	(1,907,966)	310,148
Decrease (increase) in reinsurance assets	(352,658)	237,372
Increase in current income tax assets	-	(6,527)
Increase in available-for-sale financial assets	-	(35,178)
Decrease in held-to-maturity financial assets	-	6,009
Decrease (increase) in other assets	97,362	(29,450)
Total changes in operating assets	<u>(1,313,539)</u>	<u>(177,056)</u>
Changes in operating liabilities:		
Increase (decrease) in other payable	(46,661)	74,561
Increase (decrease) in other liabilities	(10,898)	41,469
Total changes in operating liabilities	<u>(57,559)</u>	<u>116,030</u>
Cash inflow (outflow) generated from operations	(147,794)	639,230
Interest received	70,605	68,752
Interest paid	(2,095)	(1,473)
Income taxes refund (paid)	4,083	-
Net Cash flows from (used in) operating activities	<u>(75,201)</u>	<u>706,509</u>
Acquisition of investments in debt instrument without active market	-	-
Acquisition of property and equipment	(68,342)	(16,160)
Proceeds from disposal of property and equipment	3	-
Acquisition of intangible assets	(25,327)	(2,829)
Acquisition of investment properties	(471)	(1,005)
Proceeds from disposal of investment properties	-	2,050
Net cash flows from (used in) investing activities	<u>(94,137)</u>	<u>(217,944)</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(149,072)	-
Net cash flows from (used in) financing activities	<u>(149,072)</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	2,363	906
Net increase (decrease) in cash and cash equivalents	(316,047)	489,471
Cash and cash equivalents at beginning of period	<u>2,588,349</u>	<u>2,098,878</u>
Cash and cash equivalents at end of period	<u>\$ 2,272,302</u>	<u>2,588,349</u>

Attachment 4

Union Insurance Company
2018 Audit Committee's' Review Report

The Board of Directors has submitted the Company's 2018 consolidated and individual financial statements that have been audited by the CPA Li Feng-Hui and CPA Chung Dan-Dan of CPA Firm KPMG to the Audit Committee to review. It has been reviewed by the Supervisors and it is considered that there is no disagreement. Therefore, the Audit Committee has prepared the report pursuant to Article 218 of the Company Act.

Sincerely,

Union Insurance Company

Convener of the Audit Committees

March 25, 2019

Attachment 5

Union Insurance Company

Comparison Table of amendment to the Operational Procedure of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises

Articles amended	Current Articles	Explanation
<p>Article 2 Use of the Company's funds for special projects shall be restricted to investments in or extension of loans for the following projects:</p> <p>I. Emerging and key strategic projects or venture investment projects approved by the government.</p> <p>II. Industrial zone or regional development projects approved by the government.</p> <p>III. Purchase of houses by the houseless.</p> <p>IV. Cultural and educational conservation and construction.</p> <p>V. Funeral facilities not distributed as public utilities listed in Article 3.</p> <p>VI. Other use in line with the government policies.</p> <p><u>The Company shall handle the lending business guaranteed by the credit guarantee institution established by the foreign central government, and shall serve as the participation limit of the joint loan case, and meet the following conditions, and the other is to cooperate with the government as mentioned in the subparagraph 6 of the preceding paragraph of these Measures. Policy funding project:</u></p> <p>I. <u>The purpose of the loan object for the application of the loan is to invest in matters in the first paragraph</u></p>	<p>Article 2 Use of the Company's funds for special projects shall be restricted to investments in or extension of loans for the following projects:</p> <p>I. Emerging and key strategic projects or venture investment projects approved by the government.</p> <p>II. Industrial zone or regional development projects approved by the government.</p> <p>III. Purchase of houses by the houseless.</p> <p>IV. Cultural and educational conservation and construction.</p> <p>V. Funeral facilities not distributed as public utilities listed in Article 3.</p> <p>VI. Other use in line with the government policies.</p>	<p>I. To amend the Article pursuant to the Order NO. 10704505101 issued by the Financial Supervisory Commission (FSC) on December 7, 2018.</p> <p>II. To add the items in paragraph 2 of Article 2.</p>

Articles amended	Current Articles	Explanation
<p>of the Order No. <u>10610908021 issued by the Financial Supervisory Commission (FSC) on March 21, 2017.</u></p> <p>II. <u>The Company shall assess whether the financial status of the credit guarantee institution is sufficient to pay the secured debts and set a limit on its risk exposure to implement risk control.</u></p> <p>III. <u>With formal guarantee documents, the credit guarantee institution may directly request to perform the guarantee responsibility when the debtor fails to perform the debt.</u></p> <p>IV. <u>The guarantee liability of the credit guarantee institution shall be unconditional and irrevocable until the full guarantee of the secured loan.</u></p>		
<p>Article 6 The limits for an insurer engaging in investment on special projects, public utilities, and social welfare enterprises is set forth as follows:</p> <p>I. The total amount shall not exceed 10% of its total funds. <u>The amount of loans stipulated in Article 2, Paragraph 2, Article 2, shall be calculated in accordance with the provisions of the loan and the amount of loans and investment in the same loan object shall not exceed 5% of the Company's total loans.</u></p> <p>II. The total amount of the Company invested in one and the same entity shall not exceed 5% of its total funds except for the invested entity listed in Paragraph 2 of Article 5.</p>	<p>Article 6 The limits for an insurer engaging in investment on special projects, public utilities, and social welfare enterprises is set forth as follows:</p> <p>I. The total amount shall not exceed 10% of its total funds.</p> <p>II. The total amount of the Company invested in one and the same entity shall not exceed 5% of its total funds except for the invested entity listed in Paragraph 2 of Article 5.</p> <p>III. The investment or contribution ratio of the Company invested in the following entities shall be complied with: (omitted)</p>	<p>The text of Subparagraph 1, Paragraph 1, Article 6 is added to the Articles of Incorporation pursuant to the interpretation of the Order issued by the current release.</p>

Articles amended	Current Articles	Explanation
<p>III. The investment or contribution ratio of the Company invested in the following entities shall be complied with: (omitted)</p>		
<p>Article 9: In any of the following circumstances, the Company may use its funds for a special project or public utilities or social welfare enterprises within the limit authorized by the board of directors without going through the application procedure, provided that the documents set forth in Paragraph 1 of the preceding Article shall be submitted to the competent authority for subsequent review: (Omitted) The total amount of investment made in accordance with “Act for Promotion of Private Participation in Infrastructure Projects” and mentioned in the preceding paragraph refers to the total amount of royalty, construction cost, and rent paid by the insurer under the investment contract. <u>When the Company handles the loan projects described in paragraph 2 of Article 2 may comply with Subparagraph 4, Paragraph 1 of the preceding Article and the provisions of Subparagraph 4, Paragraph 1 of this article. The project may be approved within the limit authorized by the board of directors, provided that the Company still need to submit the following documents to the competent authority for subsequent review:</u></p>	<p>Article 9: In any of the following circumstances, the Company may use its funds for a special project or public utilities or social welfare enterprises within the limit authorized by the board of directors without going through the application procedure, provided that the documents set forth in Paragraph 1 of the preceding Article shall be submitted to the competent authority for subsequent review: (Omitted) The total amount of investment made in accordance with “Act for Promotion of Private Participation in Infrastructure Projects” and mentioned in the preceding paragraph refers to the total amount of royalty, construction cost, and rent paid by the insurer under the investment contract.</p>	<p>The new Article 9 Paragraph 5 is added to amend the interpretation based on the interpretation released by the current release.</p>
<p>I. <u>Loan plan (including evaluation analysis of market outlook, shareholder structure, and management team of the loan object, loan conditions, loan period,</u></p>		

Articles amended	Current Articles	Explanation
<p><u>principal repayment methods, time of loan, repayment and repayment ability).</u></p> <p>II. <u>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)</u></p> <p>III. <u>Credit Protection methods (including confirmation of the qualifications and the relevant guarantee documents of the credit guarantee institutions).</u></p> <p>IV. <u>Financial statements of the loaning entity. This document does not need to be attached if the invested entity has been established for less than a year.</u></p> <p>V. <u>Documents regarding decisions resolved or powers authorized by the board of directors.</u></p> <p>VI. <u>Letters of approval issued by the relevant authorities.</u></p> <p>VII. <u>Other information specified by the competent authority.</u></p>		

Attachment 6

Union Insurance Company

Comparison Table of the Amendment to the Operational Procedures for Acquisition and Disposal of Assets

Articles amended	Current Articles	Explanation
<p>Article 2: The Company shall acquire or dispose of the assets in accordance with the Procedures. However, the financial-related laws and regulations shall be stipulated in the regulations.</p> <p><u>The Company shall handle derivative product transactions or engage in derivatives trading in accordance with the Regulations Governing the Trading of Financial Derivatives by Insurance Enterprises.</u> (Omitted)</p>	<p>Article 2: The Company shall handle or dispose of the assets in accordance with the Procedures. However, if otherwise provided, the Company shall comply with the regulations.</p> <p>(Omitted)</p>	<p>To amend the Article pursuant to the Amendment to Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>
<p>Article 3: The term "assets" as used in the Procedures shall refer to:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, and right-of-use assets) and equipment.</p> <p>III. Memberships</p> <p>IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Right-of-use assets.</p> <p>VI. <u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></p> <p>VII. <u>Derivative.</u></p> <p>VIII. <u>Assets acquired or disposed</u></p>	<p>Article 3: The term "assets" as used in the Procedures shall refer to:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, and right-of-use assets) and equipment.</p> <p>III. Memberships</p> <p>IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivative.</p> <p>VII. Assets acquired or disposed of in connection with</p>	<p>I. To amend the Article pursuant to the Amendment to Article 3 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> <p>II. The Company shall comply with the International Financial Reporting Standards (IFRS) 16 Lease Company Regulations.</p>

Articles amended	Current Articles	Explanation
<p><u>of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</u></p> <p>IX. <u>Other major assets.</u></p>	<p>mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>VIII. Other major assets.</p>	
<p>Article 3-1: Terms used in these Regulations are defined as follows:</p> <p>I. <u>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</u></p> <p>II. <u>Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</u></p>		<p>I. The Article is added pursuant to the amendment to Article 4 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> <p>II. The definition of financial instruments in line with the definition of financial instruments in IFRS 9.</p>

Articles amended	Current Articles	Explanation
<p>III. <u>Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>IV. <u>Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.</u></p> <p>V. <u>Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</u></p> <p>VI. <u>Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</u></p> <p>VII. <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading</u></p>		

Articles amended	Current Articles	Explanation
<p><u>business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>VIII. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>IX. <u>Over-the-counter venue ("OTC venue," "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the</u></p>	<p>Article 4: Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction and these professional appraisers and their officers are not sentenced by the criminal court for determination or</p>	<p>To amend the Article pursuant to the amendment to Article 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>

Articles amended	Current Articles	Explanation
<p><u>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 the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>II. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>III. <u>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.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>I. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>II. <u>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.</u></p> <p>III. <u>They shall undertake an item-by-item evaluation of the</u></p>	<p>sentencing, or for administrative discipline.</p>	

Articles amended	Current Articles	Explanation
<p><u>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.</u></p> <p>IV. <u>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.</u></p>		
<p>Article 7 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, 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, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. 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</p>	<p>Article 7: In acquiring or disposing of real property or equipment thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, 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 held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. 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</p>	<p>To amend the Article pursuant to the amendment to Article 9 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>

Articles amended	Current Articles	Explanation
transaction. (Omitted)	transaction in the future. (Omitted)	
Article 9 Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships 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 certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Article 9 When the Company acquires or disposes of memberships or intangible assets 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 certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	To amend the Article pursuant to the amendment to Article 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"
Article 9-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 24, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	Article 9-1 The amount of transaction amount for the preceding three transactions shall be calculated in accordance with Paragraph 2, Article 28 of the preceding three paragraphs, and the same amount as the one year is calculated based on the actual transaction amount of the current transaction. The appraisal report or CPA's opinion from the professional appraiser in the preceding three years shall be excluded from the date of occurrence of the transaction.	The provisions of Articles 24 to 27 of the current Article are deleted, so the text of this Article is amended.
Article 12 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 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	Article 12 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property or from or to a related party and the transaction amount reaches 20 percent or more of 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	To amend the Article pursuant to the amendment to Article 15 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

Articles amended	Current Articles	Explanation
<p>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 have been submitted to the Audit Committee with more than one-half of all members' agreement and approval by the Board of Directors:</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. 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 in accordance with Article 13 and Article 14.</p> <p>(Omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 24, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors</p>	<p>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 have been submitted to the Audit Committee with more than one-half of all members' agreement and approval by the Board of Directors:</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.</p> <p>(Omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's Board of Directors may pursuant to the regulation governing hierarchical delegation of responsibilities to delegate the board chairman to decide such matters when the transaction is within a certain amount and have</p>	

Articles amended	Current Articles	Explanation
<p>may pursuant to the regulation governing hierarchical delegation of responsibilities to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>I. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>II. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>(Omitted)</p>	<p>the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(Omitted)</p>	
<p>Article 13 The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>I. Based upon the related party's transaction price plus necessary interest in funding and the costs to be duly borne by the buyer. "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 Ministry of Finance.</p> <p>II. 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 70 percent or more of the financial institution's appraised loan value of the</p>	<p>Article 13: The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>I. Based upon the related party's transaction price plus necessary interest in funding and the costs to be duly borne by the buyer. "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 Ministry of Finance.</p> <p>II. 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 70 percent or more of the financial institution's appraised loan value of the property and the period of</p>	<p>To amend the Article pursuant to the amendment to Article 16 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>

Articles amended	Current Articles	Explanation
<p>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 transaction counterparties.</p> <p>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.</p> <p>The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>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:</p> <ol style="list-style-type: none"> I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. II. 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. III. 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 	<p>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 transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased 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. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>The Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 12, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> I. The related party acquired the real property through inheritance or as a gift. II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. III. 3. The real property is acquired through the 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. 	

Articles amended	Current Articles	Explanation
<p>company's own land or on rented land.</p> <p>IV. <u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>		
<p>Article 14 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by</p>	<p>Article 14 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent</p>	<p>To amend the Article pursuant to Amendment to Article 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>

Articles amended	Current Articles	Explanation
<p>the Ministry of Finance, whichever is lower.</p> <p>(II) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>II. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p>	<p>period as announced by the Ministry of Finance, whichever is lower.</p> <p>(II) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(III) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>II. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels</p>	

Articles amended	Current Articles	Explanation
	close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.	
<p>Article 15 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside against the difference between the real property and the right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>II. The members of Independent Directors for the Audit Committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p>	<p>Article 15: Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 13 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside 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 Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>II. The members of Independent Directors for the Audit Committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a</p>	<p>To amend the Article pursuant to the Amendment to Article 18 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Articles amended	Current Articles	Explanation
<p>The Company that has 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 the FSC has given its consent.</p> <p>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 arm's length transaction.</p>	<p>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 at a premium, or they have been disposed of, 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 the FSC has given its consent. When the Company obtains real property 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 arm's length transaction.</p>	
	<p>Section 4 Engaging in Derivative Products Trading <u>Article 24 The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters:</u> (Omitted)</p>	<p>According to Article 4-2 of the "Guidelines Governing the Acquisition and Disposal of Assets by Public Companies" without compliance with Section 4 of Chapter 2, Article 24 to Article 27 of the current article are deleted from Article 24 to Article 27 of the current article.</p>
	<p>Article 25 The Company engaging in derivatives trading shall adopt the following risk management measures: (Omitted)</p>	<p>This article is deleted.</p>
	<p>Article 26 When the Company engages in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (Omitted)</p>	<p>This article is deleted.</p>
	<p>Article 27 The Company engaging</p>	<p>This article is deleted.</p>

Articles amended	Current Articles	Explanation
	<p>in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 25 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 26 shall be recorded in detail in the log book.</p> <p>(Omitted)</p>	
<p>Article 24 Under any of the following circumstances, the Company acquiring or disposing of assets 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:</p> <p>I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of 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.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on</p>	<p>Article 28 Under any of the following circumstances, the Company acquiring or disposing of assets 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:</p> <p>I. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of 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 government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in</p>	<p>I. To amend the Article pursuant to the Amendment to Article 31 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."</p> <p>II. Amendment to the sequence of Article.</p>

Articles amended	Current Articles	Explanation
<p>aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(II) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>V. 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 transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in</p>	<p>the procedures adopted by the Company.</p> <p>IV. Where the type of asset acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(II) Paid-in capital of NT\$10 billion or more.</p> <p>V. 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 transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of government bonds.</p> <p>(II) Securities trading by</p>	

Articles amended	Current Articles	Explanation
<p>capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds.</p> <p>(II) Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.</p> <p>(III) 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>The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>III. 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</p>	<p>investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(III) 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>The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(Omitted)</p>	

Articles amended	Current Articles	Explanation
<p>project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(Omitted)</p>		
<p>Article 25: 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: (omitted)</p>	<p>Article 29: 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: (omitted)</p>	<p>Amendment to the sequence of Article.</p>
<p>Article 26: When the Company acquires or disposes of assets that required to make a public report, the Competent Authority shall submit the report of relevant information to the Accounting Department for approval. The accounting department shall input the relevant information provided by the Competent Authority on the information reporting website designated by the FSC. (Omitted)</p>	<p>Article 30: When the Company acquires or disposes of assets that are required to make a public report, the Competent Authority shall submit the report of relevant information to the Accounting Department for approval. The accounting department shall input the relevant information provided by the Competent Authority on the information reporting website designated by the FSC. (Omitted)</p>	<p>Amendment to the sequence of Article.</p>
<p>Article 27: Acquisition or disposal of assets by the Company shall be proceeded in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." If any material violation is found and the relevant personnel shall be disciplined subject to the provisions of the Regulations of the Company.</p>	<p>Article 31: Acquisition or disposal of assets by the Company shall be proceeded in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." If any material violation is found, the relevant personnel shall be disciplined subject to the provisions of the Regulations of the Company.</p>	<p>Amendment to the sequence of Article.</p>

Articles amended	Current Articles	Explanation
<p>Article 28: The Procedures shall be approved by more than half of the entire membership of the Audit Committee and submitted to the Board of Directors for resolution then proposed to and implemented after approved by the Shareholders Meeting. The same procedure shall apply when the amendments are made.</p>	<p>Article 32: The Procedures shall be approved by more than half of the entire membership of the Audit Committee and submitted to the Board of Directors for resolution then proposed to and implemented after approval by the shareholders' meeting. The same procedure shall apply when the amendments are made.</p>	<p>Amendment to the sequence of Article.</p>

Attachment 7

Union Insurance Company

Comparison Table of Amendment to the "Articles of Incorporation."

Article	Articles amended	Current Articles	Explanation
Article 36	<p>The conditions, timing and amount of dividends of the company shall be handled in the following manner: If there are earnings, the Company shall first pay the tax, make up the losses in previous years and set aside a legal capital reserve at 20% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve or reversal special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After that, the Company may delegate the Board of Directors, depending on the operating circumstance, to allocate a certain portion of retained earnings as a reserve, then the remaining balance plus unappropriated retained earnings in previous years shall be calculated in an Earnings Distribution report and submitted to the shareholders' meeting for approval. The Board of Directors is delegated to make reasonable remuneration for the Independent Directors whose remuneration shall not be included in the Company's earnings distribution. The Company is in the property insurance industry. In addition to complying with government policies and meeting the capital adequacy ratio, corporate development</p>	<p>The conditions, timing and amount of dividends of the company shall be handled in the following manner: If there are earnings, the Company shall first pay the tax, make up the losses in previous years and set aside a legal capital reserve at 20% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve or reversal special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After that, the Company may delegate the Board of Directors, depending on the operating circumstance, to allocate a certain portion of retained earnings as a reserve, then the remaining balance plus unappropriated retained earnings in previous years shall be calculated in an Earnings Distribution report and submitted to the shareholders' meeting for approval. The Board of Directors is delegate to make reasonable remuneration for the Independent Directors whose remuneration shall not be included in the Company's earnings distribution. The Company is in the property insurance industry. In addition to complying with government policies and meeting the capital adequacy ratio, corporate development must strengthen</p>	<p>In practice, the total amount of capital is determined by the amount of paid-in capital. Thus, it is amended to comply with the actual amount.</p>

Article	Articles amended	Current Articles	Explanation
	<p>must strengthen the company's underwriting energy and liquidity. The Company's policy of allocating dividends is subject to the current and future investment environment, capital requirements, market competition and capital budget of the company, taking into account the interests of shareholders, balancing dividends and long-term financial planning of the Company. The Board of Directors prepares the Earnings Distribution plan every year according to the law. The distribution of earnings may be distributed in cash dividends or stock dividends. However, the ratio of cash dividends shall not be less than 10% of the total dividend, but if the cash dividend is less than NTD 0.1 per share, it will not be issued, and the stock dividend will be distributed.</p>	<p>the company's underwriting energy and liquidity. The Company's policy of allocating dividends is subject to the current and future investment environment, capital requirements, market competition and capital budget of the company, taking into account the interests of shareholders, balancing dividends and long-term financial planning of the Company. The Board of Directors prepares the Earnings Distribution plan every year according to the law. The distribution of earnings may be distributed in cash dividends or stock dividends. However, the ratio of cash dividends shall not be less than 10% of the total dividend, but if the cash dividend is less than NTD 0.1 per share, it will not be issued, and the stock dividend will be distributed.</p>	
Article 39	<p>The Articles of Incorporation were agreed and signed on 16 January 1963, and the 42nd revision was revised on June 21, 2018. The forty third amendment was approved on June 18, 2019 and shall be implemented once upon the ratification by the Shareholders Meeting.</p>	<p>The Articles of Incorporation were agreed and signed on 16 January 1963, and the 42nd revision was revised on June 21, 2018 and shall be implemented once upon the ratification by the Shareholders Meeting.</p>	Added amendment

Appendix 1

Union Insurance Company

Rules and Procedures of Shareholders' Meeting

Ratified at the Annual Shareholders' Meeting on June 30, 1990
Amended at the Annual Shareholders' Meeting on May 15, 1997.
Amended at the Annual Shareholders' Meeting on May 4, 1998.
Amended at the Annual Shareholders' Meeting on June 21, 2011.
Amended at the Annual Shareholders' Meeting on June 22, 2012
Amended at the Annual Shareholders' Meeting on June 24, 2015
Amended at the Annual Shareholders' Meeting on June 24, 2016

Article 1 The rules of procedures for this Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of a regular shareholders meeting or at least 15 days before the date of a special shareholders meeting. The shareholders' meeting agenda handbook and supplementary information shall be sent to the Market Observation Post System (MOPS) for the purpose of sending electronic files to the Market Observation Post System (MOPS) for the purpose of sending electronic files to the Market Observation Post System (MOPS). At least 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. Election or dismissal of directors or supervisors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholders proposed by the Shareholder shall be limited to 300 words and more than 300 words shall not be included in the agenda; the proposal of Shareholder(s) shall be in person or by proxy and is also involved in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, this restriction does not apply to the withdrawal of prior proxy engagements. After the proxy is delivered to the Company, shareholders who wish to attend the meeting may in person convene a meeting of the Company in writing to the shareholders' meeting to cancel the proxy. The Company shall be notified by a written notice of the meeting to the Company for the withdrawal of the proxy. If the proxy is revoked, the voting right exercised by the proxy shall be adopted.

Article 4 The Company shall prepare an attendance book for attending shareholders, or attending shareholders attending the shareholders' attendance cards in lieu of signing. The number of shares attending shares shall be calculated according to the signature book and the sign-in cards submitted.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slip, voting slip, and other meeting materials. Where there is an election of directors, a voting ballot shall also be furnished.

Shareholders or proxies of the shareholder or the proxy shall attend the shareholders' meeting to attend the shareholders' meeting. The Company shall not offer any other supporting documents to the shareholders' meeting. The Company shall not request the shareholders to attend the meeting for any other supporting documents. The solicitors soliciting the proxy shall bring their identification documents for verification.

Article 5 The attendance and voting of the shareholders' meeting shall be calculated based on the number of shares.

The resolutions of the shareholders' meeting shall not be calculated as a result of the number of shares held by the shareholders' meeting. The number of shares that will not be taken into account shall not be calculated.

When a shareholder is an interested party in relationship 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 shareholder.

The shares of the unexecuted voting rights shall not be calculated in the voting number of the attending shareholders.

Except for a shareholder's letter approved by the trust enterprise or a stock agency approved by the securities competent authority, the voting right of a person who is more than three (2) percent of the total number of issued shares shall not exceed 3% of the total number of issued shares. If the voting rights exceed the total

number of shares that are not more than three percent, the voting right shall not be counted.

Article 6 The Company's shareholders' meeting shall be held at the venue of the headquarters or the branch of the branch. The shareholders' meeting shall be held at the location of the headquarters or the convenient shareholders. The meeting shall be held at a venue where the shareholders meeting is located. The meeting shall be held at the beginning of the meeting. The meeting shall be held in a location and time in the morning of the meeting. The opinions of independent directors shall be taken into full consideration.

Article 7 If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board shall be the Chairman. If the Chairman of the Board is absent from the meeting, the Vice Chairman shall be the Deputy Chairman. If there is no Vice Chairman or the Vice Chairman is absent, the Chairman of the Board shall designate a Director as the Deputy Chairman. If the Chairman does not specify the role of a Deputy Chairman, the Directors may designate one Director to be the Deputy Chairman.

The Deputy Chairman served by one of the Directors as specified in the preceding paragraph shall be a Director who serves as a Director for six months or more and understand the Company's financial operations. The same shall apply if the Chairman is a director representative of an institutional investor.

Shareholders' meetings convened by the Board of Directors shall be held in person. The Chairman shall be held in person. The Board of Directors shall attend more than half of the Board meetings and attend a majority of the functional Committees members, and shall record the attendance of the meeting at least one meeting.

If a shareholder meeting is convened by a person having a right to convene, the meeting is convened by the convener. If there are two or more conveners, they shall be elected from among themselves.

The Company may designate its attorneys, certified public accountants (CPA) or other relevant persons to attend the Shareholder's Meeting.

Article 8 The Company shall record the proceedings of the shareholders' meeting in a full-process or video-recording process and shall save at least one year. If, however, a shareholder files a lawsuit, the recordings shall be retained until the conclusion of the litigation.

Article 9 The meeting time, the Chairman shall announce the meeting immediately. However, the Chairman shall announce the meeting adjourned. The Chairman may announce the meeting adjourned and the meeting shall not be more than two (2) months after the meeting is held. The total number of delayed time shall not exceed one hour. If the quorum is not met after two postponements are still not met, the Chairman shall declare the meeting adjourned by the Chairman.

If the aforementioned two postponements still fail to be present in the preceding paragraph, if the number of shares that represent more than one-third of the total number of issued shares is still less than one-third of the total number of issued shares, the tentative resolution may be determined as a tentative resolution, and the shareholders will be notified of the tentative resolution for each one month to convene a meeting within one month.

If, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the Shareholders Meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholder's meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall be conducted in accordance with the agenda and not a resolution for a resolution by the

shareholders' meeting.

The provisions of the preceding paragraph apply to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairman shall not adjourn the meeting without a resolution before the conclusion of the proceedings (including provisional motions) for the first two items. If the chairman violates meeting rules and announces the meeting adjourned, the attending shareholders can vote on choosing another chairman and continue the meeting if the vote passes majority pursuant to Article 182-1 of the Company Act.

After the meeting is adjourned, the shareholders may not appoint another chairman and continue the meeting either at the same or a different venue.

Article 11 Article 10 Before attendant shareholders make a speech, they have to fill in a statement slip specifying the gist of speech, the shareholder's account number (or attendance card number) and the name of the account. The chairman shall set the order of speech. A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

If the contents of the speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

Article 12 When a shareholder attends the shareholder's meeting, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor. The Chairman shall stop any violation. A shareholder who has a meeting of the same proposal shall speak on the same proposal, and each speech shall not exceed two minutes. If a shareholder violates the rules or exceeds the scope of the topic, the Chairman may stop the speech.

After attending shareholders' speech, the Chairman may respond in person or designate relevant personnel to respond.

Article 13 When a government or a juristic person is a shareholder, a representative of a shareholder attending a meeting is not limited to one representative.

When a legal person has been delegated to attend the shareholders' meeting, only one person should be delegated as a proxy by the legal person.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives for the same proposal can speak only.

Article 14 The chairman shall allow ample opportunity during the meeting for explanation and discussion of the proposals and of the amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the closure of the discussion and call for the vote.

Article 15 In the course of the meeting, the Chairman may announce a break of a break. When a force majeure event occurs, the Chairman may decide temporarily suspended the meeting and announce the time of the meeting and announce the time of the meeting.

If the meeting venue is not available for continued use, the meeting venue may be adopted by the shareholders' meeting to resume the meeting at a meeting.

A resolution may be adopted for a resolution of 5 days to the meeting in accordance with Article 182 of the Company Act.

Article 16 A shareholder shall be entitled to one vote per share for each share held, except for those who have no voting right under Article 179-2 of the Company Act.

When a shareholder meeting is held, the Company may exercise its voting rights in writing or electronically; when exercising voting rights in correspondence or electronic means, the methods of exercise shall be stated in the shareholders' meeting notice. A Shareholder exercising voting rights by correspondence or electronic means shall be

deemed to have attended the meeting in person. However, the shareholder's meeting shall be deemed to have waived his/her rights.

A shareholder intending to exercise voting rights in writing or electronically shall be delivered to the Company before 2 days before the date of the shareholders' meeting. When a duplicate declaration is delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company by the same means, by which the voting rights were exercised before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Article 17 Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 18 Matters relating to the resolutions of the Shareholders Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

The method of the preceding paragraph is to consult the shareholders' opinions by the Chairman. If the shareholders have no objection to the proposal, they should record that "the Chairman has consulted all the shareholders present without objection." However, if the shareholders disagree with the proposal, they should state the method of voting and the

number and ratio of voting rights.

- Article 19 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 20 Staff handling administrative affairs of the shareholders meeting shall wear identification cards or arm bands.
The Chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of the shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairman may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the Chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the Chairman may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 21 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 2 (Revised)

Union Insurance Company

Procedures of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises

Approved by the 27th meeting of the 22nd term Board of Directors on September 27, 2012.
Approved by the 32nd meeting of the 22nd term Board of Directors on February 27, 2013.
Approved by the 16th Meeting of the 23rd Term Board of Directors on September 29th, 2014.
Approved by the 29th meeting of the 23rd term Board of Directors on September 24, 2015
Approved by the 36th Meeting of the 23rd Term Board of Directors on March 24, 2016
Approved by the 6th meeting of the 24th term Board of Directors on Oct. 27, 2016.
Approved by the 23rd Meeting of the 24th term Board of Directors on February 27, 2018
Approved by the 35th Meeting of the 24th term Board of Directors on 26 February 2019

Article 1: The Procedures are formulated in accordance with the "Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises."

Article 2: The Company's Use of funds for special projects shall be restricted to investments in or extension of loans for the following projects:

- I. Emerging and key strategic projects or venture investment projects approved by the government.
- II. Industrial zone or regional development projects approved by the government.
- III. Purchase of houses by the houseless.
- IV. Cultural and educational conservation and construction.
- V. Funeral facilities not distributed as public utilities listed in Article 3.
- VI. Other use in line with the government policies.

The Company shall handle the lending business guaranteed by the credit guarantee institution established by the foreign central government, and shall serve as the participation limit of the joint loan case, and meet the following conditions, and the other is to cooperate with the government as mentioned in the subparagraph 6 of the preceding paragraph of these Measures. Policy funding project:

- I. The purpose of the loan object for the application of the loan is to invest in matters in the first paragraph of the Order No. 10610908021 issued by the Financial Supervisory Commission (FSC) on March 21, 2017.
- II. The Company shall assess whether the financial status of the credit guarantee institution is sufficient to pay the secured debts and set a limit on its risk exposure to implement risk control.
- III. With formal guarantee documents, the credit guarantee institution may directly request to perform the guarantee responsibility when the debtor fails to perform the debt.
- IV. The guarantee liability of the credit guarantee institution shall be unconditional and irrevocable until the full guarantee of the secured loan.

Article 3: The Company's Use of funds for public utilities shall be restricted to the following utilities:

- I. Transportation facilities of highways, railroads, harbors, parking lots and airports.
- II. Facilities of public utilities, such as water, electricity, telecommunications, etc.
- III. Construction of social housing and elderly residence projects.
- IV. Environmental protection facilities, including river, sewerage, garbage and waste disposal, and funeral facilities The above-mentioned funeral facilities exclude the storage facilities for cemetery and the ashes.
- V. Construction of public-welfare facilities for public recreation.
- VI. Other public-sector-related activities that align with the government's incentives and construction.

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 uses 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 the company limited by shares provided in the preceding paragraph:

- I. 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.
- II. The invested entity is the cultural and educational conservation and construction project provided in Subparagraph 4 of Article 2.
- III. Other entity regulated by the competent authority.

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

- I. 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
- II. The Company's risk-based capital ratio in the most recent period complies with the provisions of Paragraph 1, Article 143-4 of the Act. The Company engages in investment on held funeral facility In accordance with Article 2 and Article 3 which facility should be consistent with business managers municipal, county (city) competent authority for the excellent evaluation, armor and other fairly level or above conditions.

Article 6: The limits for the Company engaging in investment on special projects, public utilities, and social welfare enterprises is set forth as follows:

- I. The total amount shall not exceed 10% of its total funds.
The amount of loans stipulated in Paragraph 2, Article 2, shall be calculated in accordance with the provisions of the loan, and the amount of loans and investment in the same entity shall not exceed 5% of the Company's total funds.
- II. The total amount of the Company invested in one and the same entity shall not exceed 5% of its total funds except for the invested entity listed in Paragraph 2 of Article 5.
- III. The investment or contribution ratio of an insurer invested in the following entities shall be complied with:
 - (I) Where the invested entity is a venture investment enterprise and the entity is listed in Subparagraph 3 of Paragraph 2 of Article 5, such amount shall not exceed 25% of the paid-in capital or capital contribution actually paid off the invested entity.
 - (II) Where the investment is made onto an enterprise with the items enumerated under Article 3 and 4, such amount shall not exceed 45% of the paid-in capital of the invested entity. The foregoing is not applied to the Company which is qualified with the following conditions and obtains the approval of the competent authority:
 1. The insurer's risk-based capital ratio as of the end of most recent period shall comply with Paragraph 1, Article 143-4 of the Act;
 2. The Company has set up an Independent Directors and Audit Committee, and the investment shall be approved by the Board of Directors.
 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 accumulated fines exceeding NT\$3 million 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, any invested entities with its shareholding ratio exceeding 45% shall show no accumulated losses in the financial report as of the end of the most recent period, except for the invested entity is the private institution regulated by the "Act for Promotion of Private Participation in Infrastructure Projects," the financial report of such invested entity shows no accumulated losses in the most recent period.
 - (III) Except for the invested entity prescribed in the above two Items, such amount shall not exceed 10% of the paid-in capital or capital contribution actually paid off the invested entity.
- IV. In case of securitization products issued by the Company 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.
- V. 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.

Where, after the Company invests in an entity for special projects, public utilities and social welfare enterprises, the said entity is qualified to accept investments under Subparagraph 3 or 4 of Paragraph 1 of Article 146-1 of the Act, the investments in such entity shall be governed by the provisions of the said Subparagraph instead, provided that if the said investment exceeds such limits as are prescribed in Subparagraph 3 or 4 of Paragraph 1 of Article 146-1 of the Act instead, provided that if the said investment exceeds the ratio as prescribed in Subparagraph 3 or 4 of Paragraph 1 or Paragraph 2 of Article 146-1 of the Act, no additional funds shall be invested in the entity unless the additional investment is made to maintain the original equity share in the entity.

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:

- I. 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 insurer.
- II. 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.
- III. The Company shall ensure that the invested entity has agreed it conduct an on-site audit on the invested entity during the investment period.
- IV. If the post-tax profit or loss of the invested entity in the most recent accounting year is negative after investing, the insurer 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. In addition, the audit unit of the Company shall submit a quarterly audit report on the implementation of the improvement plan to the Board of Directors.
- V. The internal audit unit of the Company shall track the improvement status of the invested entity on the flaw or abnormality mentioned in 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 the scope of the internal control and audit of the Company. If any illegal activity or major violation 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 a meeting of the Board of Directors of the Company in its latest meeting.
- VI. 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.”
- VII. 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 the Independent Directors have objections or reserve their opinions, the meeting minutes shall record the details.

The audit and tracking report prescribed in Subparagraph 5 of previous Paragraph shall be signed by the general manager, the general auditor, and the compliance officer of the headquarter of the insurer. The content of the audit report shall at least include the following:

- I. Operating status of the invested entity;
- II. Quarterly financial statement of the invested entity;
- III. The meeting minutes and the implementation status of the resolutions passed by the board of directors of the invested entity;
- IV. The implementation status of the resolutions passed by the shareholders meeting of the invested entity;
- V. The existence of violation or abnormalities in the internal control system of the invested entity; and
- VI. Whether the invested entity has a major violation or has been involved in any illegal activity.

The Company Non-life and life insurers shall comply with Article 11 of the “Regulations Governing Public Disclosure of Information by Non-life Insurers” and “Regulations Governing Public Disclosure of Information by Life Insurers” to disclose the audit report for the implementation of investment improvement plans listed in Subparagraph 4 of Paragraph 1 as well as the complete audit report of the invested entity listed in Subparagraph 5 in the same Paragraph to the public under the notes which shall be made under the information disclosure website. The aforesaid disclosure information shall be updated within ten days after submission to the Board of Directors.

Article 8: The Company desiring to use its funds for special projects, public utilities and social welfare enterprises shall apply for approval from the competent authority by submitting the following documents:

- I. Investment plan and objectives (including objectives, method, market analysis, cost analysis, analysis of long-term and short-term return on investment, the 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.
- II. 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)
- III. 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.
- IV. Summary of the limited partnership agreement draft if the invested entity is the limited partnership enterprise provided in Paragraph 2 of Article 5.
- V. Documents regarding decisions resolved or powers authorized by the board of directors.
- VI. Letters of approval issued by the relevant authorities.

VII. Other information specified by the competent authority.

Article 9: In any of the following circumstances, the Company may use its funds for a special project or public utilities or social welfare enterprises within the limit authorized by the Board of Directors without going through the application procedure; provided that the documents set forth in Paragraph 1 of the preceding Article shall be submitted to the competent authority for subsequent review:

- I. 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.
- II. 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 entity is listed in Subparagraph 3 of 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.
- III. The invested entity is not such an enterprise as is 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 Company.
- IV. Other circumstances regulated by the competent authority.

For the Company engaging in the investment set forth in preceding Paragraph, the risk-based capital ratio thereof should comply with the provisions of Paragraph 1 of Article 143-4 of the Act.

Except for the invested entity is a limited partnership enterprise, if the invested entity is the entity regulated by the "Act for Promotion of Private Participation in Infrastructure Projects" and the following investment amount and conditions are met, the insurer can invest in such entity without going through the application procedure, provided that the documents set forth in Paragraph 1 of the preceding Article shall be submitted to the competent authority for subsequent review:

- I. The total amount of investment in one and the same project of the Company is under NT\$1 billion and 10% of its owner's equity, and the following conditions are fulfilled:
 - (I) The risk-based capital ratio of the Company in the most recent period shall comply with Paragraph 1, Article 143-4 of the Act.
 - (II) The documents of the investment project prescribed in the preceding article have been submitted to and resolved and approved by the Board of Directors before the investment is made.
- II. The total amount of investment in one and the same project of the Company is under NT\$5 billion and 10% of its owner's equity, and the following conditions are fulfilled:
 - (I) The financial conditions, corporate governance, and internal control of the insurer must fulfill the following conditions:
 1. Both of the risk-based capital ratio of the Company in the most recent period and the average risk-based capital ratio of the insurer over the most recent two years are 250% at least.
 2. The documents of the investment project prescribed in preceding

article have been submitted to the Board of Directors and resolved and approved by over half of the directors at the board meeting attended by over two-thirds of all directors before the investment is made.

3. Independent Directors have been appointed and the Audit Committee has been established.
 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 accumulated fines exceeding NT\$3 million imposed by the competent authority in the most recent year, however, However, this does not include violations that have been rectified and affirmed by the competent authority.
- (II) 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 meets the following conditions:
1. The risk-based capital ratio of the Company in the most recent period shall comply with Paragraph 1, Article 143-4 of the Act.
 2. The documents of the investment project prescribed in the preceding article have been submitted to and resolved and approved by the Board of Directors before the investment is made.

The total amount of investment made in accordance with “Act for Promotion of Private Participation in Infrastructure Projects” and mentioned in the preceding paragraph refers to the total amount of royalty, construction cost, and rent paid by the insurer under the investment contract.

When the Company handles the loan projects described in paragraph 2 of Article 2 may comply with Subparagraph 4, Paragraph 1 of the preceding Article and the provisions of Subparagraph 4, Paragraph 1 of this article. The project may be approved within the limit authorized by the board of directors, provided that the Company still need to submit the following documents to the competent authority for subsequent review:

- I. Loan plan (including evaluation analysis of market outlook, shareholder structure and management team of the loan object, loan conditions, loan period, principal repayment methods, time of loan, repayment and repayment ability).
- II. 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)
- III. Credit Protection methods (including confirmation of the qualifications and the relevant guarantee documents of the credit guarantee institutions).
- IV. Financial statements of the loaning entity. This document does not need to be attached if the invested entity has been established for less than a year.
- V. Documents regarding decisions resolved or powers authorized by the board of directors.

- VI. Letters of approval issued by the relevant authorities.
- VII. Other information specified by the competent authority.

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

- I. Loans guaranteed by credit guarantee institutions authorized by the banks or competent authorities;
- II. Loans guaranteed with the collateral of properties or real properties;
- III. Loans guaranteed with collateral of marketable securities in compliance with Article 146.1 of this Act;

The Company must collect 100% collateral for the loans granted to the person in charge, employees or major shareholders, or the related party 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 the meeting and two-thirds of the boards attending the meeting. The scope, quota, total loan amount, and other binding matters for the related party are guided by the "Rules Governing the Loans Granted to Related Party by Insurers." For the insurer 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 authorities for exemption not subject to the restrictions of the first Paragraph.

The Company's latest issue of its own capital to risk-capital ratio of more than two hundred percent, its handle with the combined use of ad hoc government policy of loans, was reported by the competent authority is not restricted by the provision of paragraph 1.

Article 11: Assessment and Procedures shall comply with following provision:

- I. Delegated investment limit and authorized hierarchy: Proceed in accordance with the Company's "Authorized management hierarchy table for Investment Business."
- II. The assignment of powers and responsibilities for the Company's investment in public and social welfare enterprise is as follow:
 - (I) Traders engaging in transactions shall comply with the operating procedures within the scope of delegation.
 - (II) The Investment Department, Finance Department and General Affairs Department shall be responsible for the recognition of transactions and certificates of business according to the business vesting.
 - (III) The Treasury Department shall be responsible to complete the transaction.
 - (IV) Accounting Department shall be responsible for accounting treatment.
 - (V) Risk Management Department shall be responsible for the risk management responsibility.
 - (VI) The Auditing Office shall be responsible for assessing whether the transaction meets the established Procedures.

Each of these responsible officers shall be independent to facilitate the internal control.

- III. The Company's investment in public and social welfare enterprises are

conducted in accordance with the following procedures:

- (I) Recognition of Investment line: The investor personnel confirms the compliance and the limit delegated by the Board of Directors.
 - (II) Collecting information for investment-related analysis and judgment: The investment personnel shall propose the investment report pursuant to the regulation of Article 11 and prepare the required documents pursuant to the regulation of Article 7.
 - (III) Decision-making decision: The responsible supervisor shall propose the report that whether the relevant risks and investment efficiency complying with the Company's policy to the meeting of group of the utilization of funds so that they can proceed to discuss and make strategic decision.
 - (IV) Approval of investment decision-making: Submit to the Board of Directors for discussing.
 - (V) Execution transaction:
 - 1. The one who can execute the transaction shall acquire the permission from the Board of Directors or the supervisor thereof. No transaction shall be engaged except the aforementioned personnel.
 - 2. Transaction form: Trading personnel should establish a written form, which shall refer to the quantity and price of the designated investment target in detail.
 - (VI) Transaction confirmation and record: The operation management unit shall confirm whether the transaction form is consistent with the external transaction documents.
 - (VII) Transaction review.
 - (VIII) Deliver the settlement instruction to the Custody Institutions.
 - (IX) Settlement execution.
 - (X) Acquire the confirmation letter of the transaction and then to confirm the transaction is completed.
 - (XI) File the file.
- IV. In accordance with the Company's "Regulations Governing and Process for Investment Management."

Article 12: The assessment for the term of transaction of investment target shall be complied with the following rules:

- I. Investments in marketable securities, real estate, and other fixed assets:
 - (I) Investment analysis: After the related information of investment target is collected, the investing personnel shall proceed to analyze the market, cost, investment benefit for long and short term, shareholders structure and the management team thereof, profitability, business prospects, and performances, etc.
 - (II) Price evaluation: The price range is based on the market price method, cost approach and discounted price method or valuation setting of the financial institution or appraisal institution.
- II. Loan Business and Review:

- (I) Credit analysis: Borrower credit analysis, fund usage analysis, debt-paying ability analysis, debt protection analysis, and credit outlook.
 - (II) Price Evaluation: Based on the market price of collateral, trading price, nearby behavior, negotiations with reference to the price, transaction announcement or professional appraisal.
 - (III) Appraisal report of professional institutions: The amount of credit or special cases is assigned to be issued by professional institutions.
- III. Investment proposal report shall be completed on conditions that are beneficial and stable cash flow.

Article 13: Internal control operations:

- I. Transaction records: Transaction personnel shall transfer the relevant transaction documents to the accounting department after completing the transaction.
- II. The Investment Department or the relevant departments shall regularly evaluate the value of the investment subject, submit the report to the General Manager, the Chairman and the Fund Use Team for information.
- III. If there is a major change in the operation of the investee, an evaluation report shall be prepared immediately and submitted to the general manager and the Chairman of the Board for appropriate handling.
- IV. The head of the Investment Department, Finance Department and the Head of the General Affairs Department shall report to the Board of Directors on a quarterly basis.

Article 14: Risk Management Operations:

- I. The Risk Management Department is responsible for the risk management of the Company's Funds in Special Projects, Public Utilities and Social Welfare Enterprises
- II. The risk management department, according to the investment suggestion report and risk tolerance, shall submit the limit amount of risk to the Risk Management Committees for approval:
 - (I) When the risk management limit is proposed, the ability of the own capital to bear the risk should be assessed.
 - (II) The risk limits approved by the Risk Management Committees and the investment project shall be provided to the Board of Directors for discussion.
 - (III) Regularly monitor and implement the processing of the implementation limit.
- III. Transaction risk should at least include credit, operations, law, systems, etc.
- IV. Assess the value and profit or loss of investment project in public and social welfare enterprises.
- V. Risk Report
 - (I) The Risk Management Department shall report the risk assessment report on a quarterly basis to the Risk Management Committees.
 - (II) If any exceeding limit is founded, the authority unit shall immediately propose a report and suggestion of appropriate measures to the general

manager and the Chairman for ruling.

Article 15: Internal audit system:

- I. Internal audit framework: The Auditing Office that is in charge of auditing shall be set up under the Board of Directors, meanwhile, an auditing report shall be submitted to the Auditor General and he who shall transfer the report to the Board of Directors.
- II. Audit frequency: At least once a year, and the audit report is completed.
- III. Audit scope: The Audit Committee shall perform audit procedures and relevant laws and regulations.
- IV. The reporting procedures of Audit report and tracking of defects improvement shall be complied with the Company's internal audit system.

Article 16: Matters not specified in the Procedures shall be complied with the implementation rules of the Bank's special projects, the implementation of the regulations governing the investment management of the public and the social welfare enterprise, the implementation of the regulations on internal control and auditing systems, etc., shall be conducted in accordance with the Insurance Law, the Regulations Governing Internal Control and Implementation of the Insurance Industry.

Article 17: The Procedures shall be submitted to the competent authority for reference and submitted to the Shareholders' Meeting after approval by the Board of Directors. The same shall apply to any amendments.

Appendix 3 (Before Amendment)

Union Insurance Company

Operational Procedures for Acquisition or Disposal of Assets

Approved by the 8th meeting of the 13th term of Board of Directors on May 25, 1990.

Amended and approved at the 10th Meeting of the 14th Board of Directors on 6 September 1991.

Amended and approved at the 17th Meeting of the 15th Board of Directors on 27 May 1995 and amended at the 17th Meeting of the 15th Board of Directors on 20 March.

Amended and approved at the 25th Meeting of the 17th Board of Directors on 22 November 2009 and amended on the 30th Meeting of the 18th Board of Directors on February 13, 2003

Amended and approved at the 25th Meeting of the 21st Board of Directors on 29th April, 2009 and revised on 27th Meeting of the 21st Board of Directors on 27 January 2010

Amended and approved at the 21st Meeting of the 22nd Board of Directors on 23rd March, 2013. Amended and approved by the third meeting of the 23rd Term Board of Directors on August 23, 2013

Amended and approved at the 10th Meeting of the 23th Board of Directors on March 27, 2014. Amended and approved at the 12th Meeting of the 24th Board of Directors on March 28, 2017

Amended and approved at the 25th Meeting of the 24th Board of Directors on April 26, 2018

Chapter 1 General Provisions

- Article 1: The Company's Procedures is established in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") which is delegated by Article 36-1 of Securities and Exchange Act.
- Article 2: The Company shall handle or dispose of the assets in accordance with the Procedures. However, if otherwise provided, the Company shall comply with the regulations. When conducting real estate investment, in addition to comply with the subparagraph 1 of Article 146-2 of Insurance ACT regarding the "Criteria and Principles for handling the Real-time Use and Income of the Real Estate Investment in the Insurance Industry" issued by FSC, the Company shall also comply with the relevant regulation of "Comparative Provisions of the Insurance Industry for the Real-time Use of Real Estate Investment and the Revenue of Self-discipline"
- Article 3: The term "assets" as used in the Procedures shall refer to:
- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - II. Real property (including land, houses and buildings, investment property, and right-of-use assets) and equipment.
 - III. Memberships
 - IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

VI. Derivative.

VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

VIII. Other major assets.

Article 4: Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction and these professional appraisers and their officers are not sentenced by the criminal court for determination or sentencing, or for administrative discipline.

Article 5: The scope and amount of investment of the Company shall be proceeded pursuant to such laws as Insurance Act from Article 146 to 146-9, the Company's Investment Policy of preceding year, Regulation Governing of Procedures for Investment Flow and Regulation Governing of Procedures for Foreign Investment.

Chapter 2 Procedures

Section 1 Operational Procedures for Acquisition or Disposal of Assets.

Article 6: The Company's acquisition or disposal of assets shall be handled in accordance with the Company's hierarchical responsibility guidelines. The head of the responsible unit shall handle the matter based on the business unit's responsibilities:

- I. The assessment and Procedures for securities investments shall be conducted in accordance with the provisions of the Company's "Procedures for the Investment Management Flow."
- II. When acquiring or disposal of real property, the Treasury Department and General Affairs Department shall prepare the market survey report, appraisal report issued by legal appraisal office and submit the relevant reports to the team of utilization of funds for check and discussion. After that, submit the reports to the Board of Directors for ratification.
- III. When engaging others to build on its own land, the Treasury Department and General Affairs Department shall invite the construction and engineering personnel to plan and design the project, select the business to bid and bargain, report to the application team of fund for deliberation, and contract out the project.
- IV. For the acquisition or disposal of other fixed assets, the Finance Department or the relevant personnel of the General Affairs Department shall conduct in accordance with regulation of governing and operation for procurement, order and final acceptance, and notice when conducting price negotiation during procurement. Then contract out the project or proceed sales. All the procedures shall be determined by each authority.
- V. Other than aforementioned assets shall be assessed pursuant Procedures thereof by each responsible hierarchy to determine and proceed.

Article 7: In acquiring or disposing of real property or equipment thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, 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 held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further

comply with the following provisions:

- I. 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 in the future.
- II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. The different professional appraisers or appraisal officers may not be related parties
- III. Where any one of the following circumstances applies with respect to the 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 certified public accountant 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:
 - (I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (II) B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser 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 7-1 When engaging in real property investment, the Company shall inspect the following:

- I. Have confirmed the invested real property apply to the standard of annualized rate of return and occupancy rate stipulated in subparagraph 1, Article 146-2 of Insurance Act stipulated by competent authorities on the date of contract signing or tender winning, whichever date is earlier.
- II. When the acquiring real estate is ready for used and considered as immediate use and profitable, the ready-for-use and profitable estate shall be applied to the regulation of conducting assessment by means of monthly inspection of the occupancy rate and annualized rate of return from the date of transfer.
- III. The real estate acquired or the project under construction has been completed and completed in the construction of the building. From the date of registration of the ownership of the building, it shall be subject to immediate use and income recognition within 10 months. The monthly occupancy rate and annualized rate of return standard are applied. However, if the target of the investment is in line with the purpose of government public construction and the host institution has a ground right case that stipulates the development schedule. Those who handle the project review shall be handled according to the time limit approved by the competent authority.
- IV. If there is a rent-free period for the invested real estate, the occupancy rate and annualized rate of return have been calculated according to the following provisions:

- (I) The area of the rent-free period is excluded from the calculation of the rate of return and the occupancy rate, but the exclusion period not exceeding 10% of the total lease term, and the lease contract for less than ten years is up to six months. For the limit, the lease contract for more than ten years is limited to one year. If the lease contract is the same tenant who continues to sign after the expiration of the original lease term must have a renewal period of one year or more, the aforementioned exclusion period shall be permitted to apply.
 - (II) From the next month after the expiration of the period of free-rent period, the applicable occupancy rate and annualized rate of return shall be checked and examined monthly according to immediate use and income recognition regulations.
- V. When calculating the yield of real estate, the book value of the property is verified using the book value of the property as its cost (denominator) and the current portion of the current year's tax income based on the current asset's original tax rate (excluding the costs and expenses associated with the property), and calculate the annualized yield.
 - VI. When calculating the occupancy rate, the property holding area is the area of the real estate as a denominator and the area of the lease contract is the end of the month of the lease contract, calculated as the occupancy rate.

Article 7-2 The operation of entrusting appraisal institution for acquisition or disposal real estate shall meet the principles as follow:

- I. To establish internal procedures to appoint the appraisal institution and submit them to the Board of Directors for approval. The content of the procedures shall include formulation of the qualification, selection and designation of the appraisal institution and other relevant operations.
- II. Establishing the procedures for avoiding excessive centralized engagement with the same appraisal institution.
- III. At least five appraisal institutions shall be established in the database for appraisal institutions and the selection standards in the database shall meet the following principles:
 - (I) Has more than five years of real estate appraisal practice.
 - (II) The appraisal institution shall meet the requirements of The Real Estate Appraiser Act and the relationship between the Company and the designated appraisal institution are not of related parties stipulated in No. 6 of International Financial Reporting Standards.
 - (III) The Company shall review the operation and standards the database of designation of appraisal institution at least once a year.
- IV. The procedures of the designation for the appraisal institution shall be based on the principle of fairness, objectivity and consistency and meet the following provisions:
 - (I) One of the criteria for randomization, sequencing or tendering shall be adopted as the normal pattern; providing investment in the objects of special purpose(including hospital, warehouse, logistics, plant or the total floor area of the construction is more than 35,000 square meters and meet two or more measures stipulated in the "Regulations for defining and changing buildings classified use," may set up an objective assessment project, and select the

excellent one to designate through adoption of rating means.

- (II) The appraisers of the designated appraisal institution have applied for the location and type of the investment property in the past one year. The relevant appraisal experience of the designated appraisal institution is applicable to the project.
 - (III) The real estate appraiser of the designated appraisal institution has no record of bad credits in the past three years and has not been disciplined by the Disciplinary Committees of the Real Estate Appraisers in the last five years.
- V. The means of randomization, sequencing or tendering be clearly defined in its internal processing procedures for its specific implementation. When changing the adoption of normal patterns or of rating measures for individual project, the Company shall explain the reason in detail and may not implement until the resolution made by all the delegation of internal hierarchy.

Article 7-3 The operation of appraisal reports for the Company's acquisition or disposal of real estate shall comply with the following principles:

- I. The appraisal institution shall request the appraisal institution to evaluate the appraisal and production appraisal report based on valuation techniques and reports formulated by the Professional Appraisal Commission and the valuation techniques and reports published by the Institute of Real Estate Valuation.
- II. The acquired or disposed property described with the term "There is sufficient evidence to show that there is a continuous rental status and can produce medium and long-term stable cash flow" in subparagraph 1, paragraph 1, Article 32 of the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises," may be calculated as its fair value. The appraisal institution shall be required to calculate the fair value by using the weighted average cost of the insurance industry issued by the production and life insurance association as the discount rate. And the fair value of such real property shall be disclosed on the appraisal report.
- III. Where due to special object for the development need (excluding the transaction of related party stipulated in IFRS 6) it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the appraisal result of limited price, specified price or special price shall be disclosed respectively and proceed the assessment detailed and accurate. The assessment result and 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.
- IV. The Company shall check and examine whether the assumed terms or reference value are improper or amiss, survey whether meet the value that needs to be disclosed of the aforementioned regulation. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser 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 from date of contract signing and tendering whichever is earlier, an opinion may still be issued by the original professional appraiser.
- V. The content of the appraisal report shall be in compliance with the provisions of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and "Regulations Governing the Acquisition and Disposal of Assets

by Public Companies" by the competent authorities.

Article 8: A public company acquiring or disposing of securities 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 certified public accountant, for reference in appraising the transaction price.

If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding 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 9: When the Company acquires or disposes of memberships or intangible assets 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 certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 9-1 The amount of transaction amount for the preceding three transactions shall be calculated in accordance with Paragraph 2, Article 28 of the preceding three paragraphs, and the same amount as the one year is calculated based on the actual transaction amount of the current transaction. The appraisal report or CPA's opinion from the professional appraiser in the preceding three years shall be excluded from the date of occurrence of the transaction.

Article 10: Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section II Related Party Transactions

Article 11: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 12: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property or from or to a related party and the transaction amount reaches 20 percent or more of 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 have been submitted to the Audit Committee with more than one-half of all members' agreement and approval by the Board of Directors:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.
- III. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- V. 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.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's Board of Directors may pursuant to the regulation governing hierarchical delegation of responsibilities to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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 minutes of the Board of Directors meeting.

Article 13: The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "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 Ministry of Finance.
- II. 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 70 percent or more 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 transaction counterparties.

Where land and structures thereupon are combined as a single property purchased 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.

The Company that acquires real property from a related party and appraises the cost of the real property in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 12, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
- III. 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 14: When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (II) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (III) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- II. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the

preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 15: Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 13 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special reserve shall be set aside 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 Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- II. The members of Independent Directors for the Audit Committee shall comply with the provisions of Article 218 of the Company Act.
- III. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has 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 at a premium, or they have been disposed of, 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 the FSC has given its consent.

When the Company obtains real property 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 arm's length transaction.

Section 3 Procedures for the Company participating in a merger, demerger, acquisition, or transfer of shares

Article 16: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and include it along with significant appointments and relevant information when submitting it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent 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 percent of the respective subsidiaries' issued shares or authorized capital.

Article 17: The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content 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 paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting

for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of the Company or other company 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 restriction, 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 18: The Company participating in a merger, demerger, or acquisition 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.

The 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 FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the 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:

- I. 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 implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- II. 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.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer 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 subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where the Company 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraph 3 and paragraph 4.

Article 19: The Company shall require all the persons participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares to issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure

of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 20: When the Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants,
- II. stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, that affects the company's financial operations.
- III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 21: When the Company participating in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- I. Handling of breach of contract.
- II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- IV. The manner of handling changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 22: After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 23: When participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 18, Article 19, and Article 22.

Section 4 Engaging in Derivative Trading

Article 24: The Company engaging in derivatives trading shall pay strict attention to the control of the following important risk management and auditing matters, and incorporate them into their Procedures:

I. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.

II. Risk management measures.

III. Internal audit system

IV. Regular evaluation methods and the handling of irregular circumstances.

Article 25: The Company engaging in derivatives trading shall adopt the following risk management measures:

I. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.

II. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

III. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

IV. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

V. Other important risk management measures.

Article 26: When the Company engages in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

I. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

II. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

I. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

- II. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; if the Company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 27: When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 25 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2 of Article 26 shall be recorded in detail in the log book.

A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Chapter 3 Public Disclosure of Information

Article 28: Under any of the following circumstances, the Company acquiring or disposing of assets 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:

- I. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of 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 government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- IV. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (II) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- V. 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 transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction is less than NT\$500 million.

VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(I) Trading of government bonds.

(II) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market.

(III) Trading of bonds under repurchase/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:

I. The amount of any individual transaction.

II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

III. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

IV. 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 these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When Company at the time of public 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 acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 29: 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:

I. Change, termination, or rescission of a contract signed in regard to the original transaction.

- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

The Company shall disclose the information on the use of the underlying transaction in the event of “other items,” in addition to abide the “Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises,” and shall disclose the relevant information on the subject of the subject of the said transaction within 2 days commencing immediately from the date of occurrence of the event:

I. Non-regular price transactions.

II. Transactions with stakeholders.

The aforementioned transaction information is conducted in the appropriate format as prescribed by Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 30: When the Company acquires or disposes of assets that required to make a public report, the Competent Authority shall submit the report of relevant information to the Accounting Department for approval. The accounting department shall input the relevant information provided by the Competent Authority on the information reporting website designated by the FSC.

When acquiring or disposal of the assets, the Company meets the standards to press conferences concerning material which are stipulated in the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" and the "Taiwan Stock Exchange Corporation Procedures for Press Conferences Concerning Material Information of Listed Companies," all the duty units shall compile the relevant information and submit to the Accounting Department. The accounting department shall, in accordance with the provisions of the information provided by each authority, enter the Internet Information Reporting System of the Taiwan Stock Exchange and handle the press conference.

Chapter 4 Penalty

Article 31: Acquisition or disposal of assets by the Company shall be proceeded in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." If any material violation is found, the relevant personnel shall be disciplined subject to the provisions of the Regulations of the Company.

Chapter 5 Additional Provisions

Article 32: The Procedures shall be approved by more than half of the entire membership of the Audit Committee and submitted to the Board of Directors for resolution then proposed to and implemented after approval by the shareholders' meeting. The same procedure shall apply when the amendments are made.

Appendix 4 (Before Amendment)

Union Insurance Company

Chapter 1 General Provisions

- Article 1: The Company shall be incorporated under the Company Act and Insurance Act of the Republic of China, and its name shall be “Union Insurance Company.”
- Article 2: The Company shall promote the Company's social welfare and work-prosperity as the purpose of the product insurance business.
- Article 3: The Company shall have its head office in Taipei City, the Republic of China, and may, pursuant to the law, set up branch offices within or outside the territory of the Republic of China when deemed necessary.
- Article 4: Public announcements of the Company shall be made according to Article 28 of the Company Act and Regulations of securities management authorities.

Chapter 2 Chapter II Shares

- Article 5: The total capital stock of the Company shall be in the amount of 6,236,319,810 New Taiwan Dollars, divided into 623,631,981 shares, at 10 New Taiwan Dollars each, to be fully issued or to be issued in installments.
- Article 6: The share certificates of the Company shall be in registered form, and before they are issued, shall be signed by or affixed with the seals of no less than three Directors of the Company, and issued by law after approval of the competent authority or its approved issuing and registration agency, and may be reissued at the request of Consolidation of large denomination securities by Taiwan Securities Centralized Co., Ltd. Securities.
- The Company's shares issued may be exempted from printing stock and shall be logged in the securities depository enterprise.
- Article 7: (Deleted)
- Article 8: Shareholders should fill in the seal card when opening an account, and send a copy of the national identity card, residence permit, passport or other identity document or photocopy of the business registration certificate to the company. Where a dividend is paid or other rights are exercised, the seal is used as the basis and same as changing.
- Article 9: Due to the transfer, transfer or loss of destruction and the transfer of shares, the stocks are handled in accordance with the company law and relevant laws and regulations.

Chapter 3 Chapter III Shareholders' Meeting

- Article 10: Shareholders meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after the close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.
- Article 11: The Company shall inform shareholders the date, place, and reason for convene a meeting and make a public announcement before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders

meeting.

Article 12: Unless otherwise provided for by restriction of Article of Incorporation and by law, each shareholder is entitled to one vote for each share held.

Article 13: When a shareholder cannot attend a shareholders' meeting, he/she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, this restriction does not apply to the revocation of the previous proxy. 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 a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 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.

However, if there are other regulations stipulated in the "Rules Governing the Use of Proxies for Attending Shareholders Meetings," it shall be conducted according to the regulations.

Article 14: The shareholders meeting shall be chaired by the chairman of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, they shall mutually select a chairman from among themselves.

Article 15: Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

Article 16: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall accurately record the year, month, day, and place of the meeting, representing equity and resolution results, and shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement.

Chapter 4 Directors and Board of Directors

Article 17: The Company shall have seven to thirteen Directors to compose the Board of Directors. Those Directors shall be elected at the shareholders meeting from among the individuals of legal capacity, with the term of three years. All Directors shall be eligible for re-election. The total proportion of registered shares held by all directors shall be handled in accordance with the relevant laws and regulations.

The Company shall purchase liability insurance for its Directors during the term of office, within the scope of the Directors' service.

The Directors of the Company are given the first time to receive transportation fees and compensation from the performance of their duties, and the amount of such remuneration shall be determined by the Board of Directors based on the industry standard.

Article 17-1 The number of Independent Directors shall not be less than three (3) seats and shall not be less than one-fifth of the total number of Directors and shall be elected by the Candidate Nomination System. Shareholders shall elect independent directors from among those listed in the slate of independent director candidates.

The professional qualifications, shareholding, concurrent posts restrictions, definition of independence, nomination and selection methods and other matters to be complied with shall be handled according to relevant laws and regulations.

Article 18: Each director shall, after having been elected, declare to the competent authority the number and amount of the shares of the company being held by him/her at the time when he/she is elected. In case a director of a company whose shares are issued to the public that has transferred, during the term of office as a director, more than one half of the company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the office of director.

If the number of company's shares held by a director is increased or reduced during his/her term of office as a director, he/she shall declare such change to the competent authority and shall place a public notice of such a fact.

Article 19: The Directors shall constitute the Board of Directors and shall elect one Chairman (and one vice Chairman) of the Board from among themselves by a majority at a meeting attended by at least two-thirds of the Directors.

Article 20: The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and the meeting of the managing directors; and shall externally represent the Company. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chairman, or, if there are no managing directors, they shall mutually select a chairman from among themselves.

Article 21: The following constitutes the powers of the Board:

I. To review various articles of incorporation.

II. To decide the Business Policies.

III. To review the budget and final statements.

IV. To settle the Earnings Distribution or Make up Deficiency Plan.

V. The proposed capital increase/decrease.

VI. To handle the transaction of real property.

VII. To review the investment business.

VIII. Other functions and powers conferred by the shareholders' meeting.

In order to improve the supervision function and strengthen management functions, it is necessary to consider the size of the board of directors and the number of independent directors, and set up audit, risk management, nomination, remuneration or other functional Committees

Regarding the functional Committees, the Company shall establish organizational regulations and resolved by the Board of Directors.

- Article 22: A board of director meeting notice indicating the cause of convention and shall be issued to each director seven days before the meeting except meetings convened for emergencies. The notice convened by the board of directors can be faxed or e-mailed. The Chairman shall be the chairman of Board of Directors. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice Chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chairman, or, if there are no managing directors, they shall mutually select a chairman from among themselves.
- Article 23: Unless otherwise provided for in Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.
- Article 24: When Directors are unable to attend the Board meeting in person, they may appoint other Directors to present the Board of Directors Meeting in accordance with the provisions of the Company Act.
- Article 25: The Board of Directors may invite the General Manager, Deputy General Manager and other necessary senior staff members to attend the meeting.

Chapter 5 Audit Committees

- Article 26: The Audit Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.
- Article 27: The exercise of powers for Audit Committees shall comply with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.
- Article 28: (Deleted)
- Article 29: (Deleted)

Chapter 6 Managerial officer

- Article 30: The Company may appoint the following managers:
- I. General Manager
 - II. Deputy General Manager and Assistant Manager.
 - III. Chief Auditor
 - IV. Chief compliance officer at the head office.
 - V. Top Executive of Risk management
 - VI. Financial officer
 - VII. Accounting manager.
 - VIII. Responsible person of each branch.
 - IX. Head of each department of the head office and above the manager level
 - X. Managers who are set up in line with the laws or business operations.

Article 31: The appointment and dismissal of managers shall be proposed to Board of Directors for approval by the Chairman.

Article 32: When the General Manager is unable to perform his/her duties due to reasons, the Chairman shall designate one person to perform his/her duties in the Deputy General Manager.

Chapter 7 Business

Article 33: The Company's businesses are as follows:
H501021 Property Insurance.

Chapter 8 Accounting

Article 34: The Company adopt the end of annual year as the fiscal year of Accounting. It is settled once a year, and the annual settlement should be based on the settlement figures at the end of the year.

Article 35: The Board of Directors shall, at the end of the fiscal year, prepare the following books and reports and, in accordance with the law, submit to its shareholders for their approval or to the shareholders' meeting for ratification.

I. Business Report.

II. Financial statements.

III. Proposal for Distribution of Earnings or Loss Make-up.

The Company may make publicly announcements for the aforementioned Distribution of Earnings or Loss Make-up Proposal.

Article 35-1 If there is profit at the end of each fiscal year, a ratio from 1% to 5% of profit of the current year distributable as employees' compensation and no more than 5% as Bonus to Directors shall be appropriated. However, if there are still accumulated losses, certain profits shall first be allocated to make up for accumulated losses, then the remaining balance shall be made available to allocate any bonuses or compensations.

Employee compensations shall be distributed in stocks or in cash and delegate the Board of Director to determine it each year within the scope of provisions.

The compensation distribution of employee and directors shall be performed by the board of directors with a resolution of more than two-thirds of the directors present and a majority of the directors' attendance, and report to the shareholders' meeting.

Article 36: The Company's dividend distribution conditions, timing, and the amount shall be handled in accordance with the following methods:

If there are earnings, the Company shall first pay the tax, make up the losses in previous years and set aside a legal capital reserve at 20% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve or reversal special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After that, the Company may delegate the Board of Directors, depending on the operating circumstance, to allocate a certain portion of retained earnings as a reserve, then the remaining balance plus unappropriated retained earnings in previous years shall be calculated in an Earnings Distribution report and submitted to the shareholders' meeting for approval.

The Board of Directors is delegated to make reasonable remuneration for the Independent Directors whose remuneration shall not be included in the Company's earnings distribution. The Company is in the property insurance industry. In addition to complying with government policies and meeting the capital adequacy ratio, corporate development must strengthen the company's underwriting energy and liquidity. The Company's policy of allocating dividends is subject to the current and future investment environment, capital requirements, market competition and capital budget of the company, taking into account the interests of shareholders, balancing dividends and long-term financial planning of the Company. The Board of Directors prepares the Earnings Distribution plan every year according to the law. The distribution of earnings may be distributed in cash dividends or stock dividends. However, the ratio of cash dividends shall not be less than 10% of the total dividend, but if the cash dividend is less than NTD 0.1 per share, it will not be issued, and the stock dividend will be distributed.

Chapter 9 Supplementary Provisions

Article 37: The Company's organizational rules and procedures shall be stipulated separately.

Article 38: Matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulation.

Article 39: These Articles of Incorporation were agreed to and signed on January 16, 1963. The first amendment was approved by the shareholders meeting on April 6, 1965. The second amendment was on April 30, 1967. The third amendment was on April 15, 1969. The fourth amendment was on April 28, 1973. The fifth amendment was on April 10, 1974. The sixth amendment was on January 28, 1979. The seventh amendment was on April 17, 1981. The eighth amendment was on August 27, 1985. The ninth amendment was on September 16, 1986. The tenth amendment was on June 30, 1987. The eleventh amendment was on April 10, 1989. The twelfth amendment was on June 30, 1990. The thirteenth amendment was on March 12, 1991. The fourteenth amendment was on March 18, 1992. The fifteenth amendment was on May 3, 1993. The sixteenth amendment was on May 2, 1994. The seventeenth amendment was on May 8, 1995. The eighteenth amendment was on May 6, 1996. The nineteenth amendment was on May 15, 1997. The twentieth amendment was on May 4, 1998. The twenty-first amendment was on May 3, 1999. The twenty-second amendment was on May 29, 2000. The twenty-third amendment was on May 7, 2001. The twenty-fourth amendment was on May 27, 2002. The twenty-fifth amendment was on August 7, 2002. The twenty-sixth amendment was on May 19, 2003. The twenty-seventh amendment was on May 31, 2004. The twenty-eighth amendment was on June 3, 2005. The twenty-ninth amendment was on May 19, 2006. The thirtieth amendment was on June 29, 2007. The thirty-first amendment was on November 19, 2007. The thirty-second amendment was on June 27, 2008. The thirty-third amendment was on June 26, 2009. The thirty-fourth amendment was on June 29, 2010. The thirty-fifth amendment was on June 21, 2011. The thirty-sixth amendment was on June 22, 2012. The thirty-seventh amendment was on June 25, 2013. The thirty-eighth amendment was on June 30, 2014. The thirty-ninth amendment was on June 24, 2015. The fortieth amendment was on June 24, 2016. The forty-first amendment was on June 22, 2017. The forty-second amendment was on June 21, 2018.

Appendix 5

Union Insurance Company Rules for Election of Directors

Approved by the Shareholders' Meeting on June 30, 1990

The amendment was resolved in the Shareholders' Meeting on May 27, 2002

The amendment was resolved in the Shareholders' Meeting on June 3, 2005

The amendment was resolved in the Shareholders' Meeting on June 29, 2007

The amendment was resolved in the Shareholders' Meeting on June 24, 2015

The amendment was resolved in the Shareholders' Meeting on June 24, 2016

- Article 1: The election of directors shall be conducted in accordance with these Regulations.
- Article 2: The election of Directors shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of Directors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates. Candidates who get more votes representing corresponding voting rights shall be elected as Independent Director and Non-Independent Director respectively.
- Article 3: The Independent Directors shall be elected employing the candidate nomination system and procedures prescribes in Article 192-1 of the Company Act.
- Article 4: The Chairman of the meeting shall appoint two watchers for monitoring the voting and a number of counting officers to at the time of beginning the meeting.
- Article 5: Candidates who get more votes representing corresponding voting rights shall be elected Directors in the number of the ballots received. If two or more persons have revived the same number of voting rights, and the number of persons exceeds the prescribed number of available seats, the persons with the same number of voting rights shall draw lots to decide election; the Chairman shall draw lots on behalf of any selected persons who are not presented.
- Article 6: The ballots for on-site voting shall be prepared by the Board of Directors, and the elector's attendance card number and the weighted number of voting rights shall be stated on the ballots bearing the Company's seal.
- Article 7: Independent Directors and Non-Independent Directors of the Company shall be elected at the same time. Candidates who get more votes representing corresponding voting rights shall be elected as Non-Directors and Independent Directors respectively.
- Article 8: The voter shall fill in the followings in the box of "the person to be elected" in ballot: (1) The name of the person to elected. (2) The shareholder account number; if the person to be elected is not a shareholder of the Company, name and ID number of the person to be elected shall be filled in.
- Article 9: If any of the followings applied to on-site voting in the shareholders' meeting, the ballot shall be counted as invalid:
- I. The ballot was not prepared as prescribed in Article 5 of these regulations.
 - II. The number of candidates exceeds the mandatory number of seats for election.
 - III. In addition to the name and shareholder account number of the candidate who is a shareholder and the name and ID number of the candidate who is not a shareholder of the Company, any other word, number, symbol on the ballot shall

not be accepted.

Article 10: If a candidate listed on the ballot under any of the following circumstance, the voting rights shall not be counted as the candidate's number:

I. The writing is unclear and indecipherable.

II. Where the candidate is a shareholder, the name of the candidate, shareholder account number, and shareholder roster do not match the candidate's name.

III. For a candidate who is a shareholder, only one of the shareholder's name or shareholder's account appears on the ballot; if the candidate is not a shareholder, only one of the shareholder's name or ID account appears on the ballot.

IV. Other situations where the candidate cannot be identified clearly.

Article 11: The voting rights shall be calculated on site immediately after the end of the poll and the result of the calculation shall be announced by the Chairman on the site.

Article 12: The board of directors of the Company shall issue notifications to the persons elected as Directors.

Article 13: Matters not specified in the Procedures shall be handled in accordance with the Company Act, Securities and Exchange Act, and relevant laws and regulations, the Company's Article of Incorporation and Rules of Procedure for Shareholders Meetings.

Article 14: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 6

Union Insurance Company Directors' Shareholding

Position	Name	Date of Appointment	Term of Office	Number of shares held when elected		Number of Shares Held at the Close of Business on the Book Closure Date	
				Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)
Vice Chairman	Representative of Wang Wang Food Co., Ltd.: Hung-Hsiung Hung	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Vice Chairman	Wang Wang Food Co., Ltd. Representative: Chung-Chung Tsai	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Director	Representative of Wang Wang Food Co., Ltd.: Xu Hai-Lun	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Director	Representative of Wang Wang Food Co., Ltd.: Ma, Chia-ying	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Director	Wang Wang Food Co., Ltd. Representative: Liu Zi-Ming	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Director	Representative of Wang Wang Food Co., Ltd.: Tentative representative People	2016.06.24	Three years	44,466,613	20.88	44,466,613	20.88
Independent Director	Hsieh Tien-Jen	2016.06.24	Three years	0	0	0	0
Independent Director	Ping-Kai Kuo	2016.06.24	Three years	0	0	0	0
Independent Director	Ma Yu Fung	2016.06.24	Three years	0	0	0	0
Total				44,466,613	20.88	44,466,613	20.88

Note 1: Pursuant to Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors of the Company shall be 12,000,000 shares.

Note 2: The Audit Committees shall take place of the Supervisors. Therefore, requirement for the minimum number of shares held by supervisors shall not be applicable.

Note 3: Mr. Kong, Ling-Fan resigned the legal representative on February 23, 2018 and Mr. Liu, Zi-Ming was designated as the legal representative from February 27, 2018.

Note 4: The information on positions held on April 30, 2019.

Appendix 7

Effect upon business performance, earnings per share and return on investment of any stock dividend distribution:

Unit: NT\$1,000; shares

Item	Year	2018 (estimated)
Beginning paid-in capital		2,129,600
Distribution of dividends during the year	Cash dividend per share (NT\$)	NT\$0.9 (Note 2)
	Number of shares are distributed in connection with a capital increase out of earnings (shares)	0 shares (Note 2)
	Number of shares are distributed in connection with a capital increase out of capital reserve (shares)	0 shares (Note 2)
Changes in operating performance	Operating profit	Note 1
	Percentage of increase (decrease) in operating profit over the same period in the previous fiscal year	
	net profit after tax	
	Percentage of increase (decrease) in net profit after tax compared to the same period last year	
	Earnings per share	
	Percentage of increase (decrease) in earnings per share compared to the same period last year	
Pro forma earnings per share and price-to-earnings ratio	If capital increase by retained earnings is entirely replaced by cash dividend distribution	Pro forma earnings per share
		Pro-forma average annual return on investment
	If capital reserve is not used for capital increase	Pro forma earnings per share
		Pro-forma average annual return on investment
	If capital reserve has not been undertaken and profit reinvestment was changed to distribute cash dividend	Pro forma earnings per share
		Pro-forma average annual return on investment

Note 1: The Company is not required to prepare any financial forecast for 2019. Therefore, it is not applicable.

Note 2: The distribution of dividends for the current year is still pending the resolution of the shareholders' meeting.