

Stock code: 5878



## **2018 Annual General Shareholders' Meeting**

### **Meeting Agenda (Translation)**

**June 8, 2018**

#### **Note to Readers:**

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

# Taiming Assurance Broker Co., Ltd.

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# Meeting Procedure

Taiming Assurance Broker Co., Ltd.

## 2018 Annual General Shareholders' Meeting

Time: 9:00 a.m. on Friday, June 8, 2018

Place: Conference Hall, 6th Floor, No. 49, Guanqian Rd., Taipei

1. Call the Meeting to Order
2. Chairman Remarks
3. Matters to Report
4. Proposals
5. Discussions
7. Other Matters for Discussion
8. Special Motions
9. Adjournment

# Matters to Report

## 1. 2017 Business Report

The Company has been actively implementing corporate governance. In 2017, our efforts were recognized by the Third Corporate Governance Awards organized by the Taiwan Stock Exchange for Outstanding Progress.

In 2017, we put forward talent development strategies, entailing “Transformation, Evolution, and Materialization”. To achieve our goals, we planned systematic professional training programs and collaborated with universities and colleges. Our programs have become highly popular among young students. In 2017, we won the Outstanding Insurance Company Award and we were also one of the insurance companies that graduates of finance and insurance want to work for the most.

We hereby state the overall situation, concerning 2017 annual business operation, 2017 annual business plan, future development strategies, external competitions, and regulatory environment and overall operation environment as follows:

### I. 2017 Financial and Business Performance

#### (1) Revenue

TABC's consolidated revenue of 2017 totaled NT\$ 655,617 thousand, a decrease of 9.28 percent over NT\$ 722,611 thousand in 2016.

#### (2) Profits

TABC's consolidated net profit of 2017 before tax totaled NT\$ 104,822 thousand, an increase of 5.42 percent over NT\$ 5,383 thousand in 2016.

TABC's consolidated net profit of 2017 after tax totaled NT\$ 89,701 thousand, an increase of 4.57 percent over NT\$ 85,787 thousand in 2015.

### II. 2018 Business Plan

#### (1) Operating objectives

1. As the most professional brand for retirement insurance, TABC will continue to cultivate Taiwan insurance market, and provide insurance customers with various retirement insurance plans and services.
2. In response to the trends in science and technology, TABC will make efforts to raise the professional capabilities of business partners and enhance the establishment of administrative information platforms, and improve TABC's output and service quality.
3. We will also actively formulate the layout of finance and insurance in mainland China and broaden our presence in the overseas Chinese market.

## (2) Important product and sales policies

1. TABC's business strategies will follow the spirits of "Technology, Dedication, and Satisfaction" and embracing modern technology to continuously enhance the quality of professional insurance and business team service through long-term and systematic training, shaping the most professional brand for retirement insurance.
2. TABC will continue to increase business income through alliances with different industries, trade cooperation and other diversified marketing channels.
3. TABC will consolidate existing cooperation, tap and optimize the electronic commerce system, enlarge the service scope with integration online and offline resources and embrace the changes of Fintech.

## III. Developmental strategies in the Future

As aging of the global population picks up speed, Taiwan became one of the fastest aging economies in the world. According to the statistics published by the Ministry of the Interior in December of 2017, the ratio of the population aged 65 and over to the population aged under 14 has increased from 92.18 percent in

December 2015 to 105.70 percent. This shows that Taiwan has reached the level to be called an aging society. It is estimated that the population aged 65 and older will account for 20 percent of the total population in Taiwan by 2025 and the average life expectancy will rise to 80 years. The medical needs from the elderly population have doubled.

In response to the development of the aging society, we are committed to becoming the most professional brand for retirement protection. Our products are designed to secure the retirement lives of our policyholders, fulfilling their needs in pension and medical care. Through branding and building a team of elites, we target on the young adults, advocating early planning for the different stage of their lives for the prospect of retiring with security.

Due to China's one-child policy, the insurance industry in China has been developing along the axis of retirement and health insurance. We have rich experience in the development of the life insurance market. With a complete training system and solid organization model, we launched into dual-track development, opening the distribution channels in China, as well as developing a team of elite talents, to assist the insurance agents in which we invest to develop into full-fledged insurance distributors in a national scale.

Financial technology has been developing at a soaring speed. In response to the “Financial Technology Development Strategies White Paper” published by the Financial Supervisory Commission, we have also been developing online insurance applications and investing in an upgrade of our insurance service system, meeting needs for mobile insurance application and cloud-based inquiries. We will also utilize big data to provide our policyholders with in-depth analysis and services tailored to their needs.

#### IV. Influences from external, regulatory and overall business environment

In 2017, our income from life insurance premiums reached NT\$ 3.42 trillion, marking a growth of 9.16 percent compared with 2016. However, affected by the reduction in liability reserve rate, control of premium adequacy ratio, the global

economic recovery and the bullish investment market, the growth in premiums has been contributed mainly by short-term and investment-based insurance products. The Company's products are focused on long-term, retirement and medical insurance; therefore, income from commissions for new contracts are affected.

We expected a further modest rise in economic growth in 2018. However, the financial market was incited by the rising market base and interest rate hike in the US, which is expected to redirect capitals to more conservative products.

Under the wave of global evolution in financial governance systems, the competent authority has been tightening up the regulations on consumer protection, information security, money-laundering prevention and anti-terrorist funding. The authority has been requesting the businesses to establish stringent monitoring systems, which has also brought certain level of pressure to the businesses. In response, the Company has set up internal control and audit and legal compliance systems to stay updated to the latest laws and regulations. We have also launched education and training programs on compliance and implemented annual compliance audit as part of our preventive and monitoring practices.

TABC has always upheld the business philosophy of “sustainable happiness,” and has the sound administrative platform, education and training and information system. The goal is not only to provide insurance customers with complete insurance products, but also maintain a good relationship with our customers, provide diversified services, and free them from worry.

Last but not the least, the Company would like to extend our heartfelt gratitude to all shareholders. Please continue to support us and provide input. We will do our best to move forward with a pragmatic spirit to achieve our goals and mission. We strive to become the most professional insurance brokerage in the cross-strait insurance industry.

## **2. 2017 Audit Committee's Review Report**

### **Audit Committee's Review Report**

The Board of Directors of Taiming Assurance Broker Co., Ltd. (TABC) has submitted the Company's 2017 Business Report, Financial Statements and Distribution of Profits to the Audit Committee. Mr. Wang-Sheng Lin and Mr. Chen-Hsiu Yang, the independent auditors from the CPA firm of Deloitte & Touche, were retained by the Board to audit TABC's Financial Statements and have issued an audit report.

The Business Report, Financial Statements and Distribution of Profits have been reviewed and determined to be correct and accurate by the Audit Committee of TABC. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report on behalf of all members of the committee to the 2018 Annual General Shareholders' Meeting for ratifications.

Taiming Assurance Broker Co., Ltd.

Tsung Ju Lee

Chairman of the Audit Committee:

February 23, 2018



### **3. 2017 Compensation to Directors and Employees**

In accordance with Article 18.1 of the Company's Corporate Charter, two percent (2%) of the Company's profits for 2017 is remuneration that will be provided to the directors and employees. The compensation to directors or employees is NT\$ 2,183,779, respectively, and both of which are distributed in cash.

# Proposals

## 1. 2017 Business Report and Financial Statements

Proposed by the Board

### **Proposal : Adoption of the 2017 Business Report and Financial Statements**

#### **Explanation :**

- 1.The 2017 Business Report (please see pages 2 to 3) and Financial Statements have been completed and approved in the 17th meeting of the 2nd Audit Committee and in the 21st meeting of the 6th Board of Directors on February 23, 2018, and audited by independent auditors, Wang-Sheng Lin and Chen-Hsiu Yang, of Deloitte & Touche.
2. The Audit Committee's review report and auditor's report are attached hereto (please see pages 9 to 30 of attachment I ).

#### **Resolution :**

## 2. Adoption of the Proposal for Distribution of 2017 Profits

Proposed by the Board

### **Proposal : Adoption of the Proposal for Distribution of 2017 Profits**

#### **Explanation :**

1. TABC's 2017 financial statements have been audited. According to the Article 19 of the Company's Corporate Charter regarding the distribution of profits, the distribution of 2017 profit was compiled and attached as Attachment II. On February 23, 2018, the audit committee's review report was issued after the 17th meeting of the 2nd Audit Committee, and the resolution was adopted at the 21st meeting of the 6th Board of Directors held on February 23, 2018.
2. The Board of Directors will be authorized by the shareholders' meeting to decide on the matters for allocation of the earnings.

#### **Resolution :**

# Discussions

## 1. Amendment to the Company's Corporate Charter.

Proposed by the Board

**Proposal :** Amendment to the Company Corporate Charter. Please proceed to discuss.

**Explanation :**

In accordance with Article 204 and 205 of the Company Act and the Ministry of Economic Affairs August 9, 2011 directive No. 10002422930, TABC has planned to amend some articles of the Company's Corporate Charter accordingly. The Comparison Table of the amendment is attached hereto (please see pages 32 to 34 of attachment III).

**Resolution :**

## Other Matters

### 1. Discussion on the relief of certain directors from their non-competition obligations.

Proposed by the Board

**Proposal :** Proposal to relief of certain directors from their non-competition obligations. Please proceed to discussion.

**Explanation :**

1. According to Paragraph 1 of Article 209 of the Company Act, a director acting on behalf of himself (herself) or another in matters within the business scope of the Company shall obtain approval at the shareholders meeting.

2. Certain directors of the 6th Board, due to business needs, have undertaken the same or similar activities within the Company's business scope. Under the premise of no damage to the interests of the Company, the approval for participation in the businesses will be obtained at the shareholders' meeting to remove the board directors' non-competition restriction.

3. The lists for the relief of certain directors from their non-competition obligations are as follows:

Directors	Relief of Non-competition Obligations	
	Concurrent Company	Position
Taiwan Navigator Asset Investment Co., Ltd. Representative: Cheng-Chih Lee	Shanghai Lianda Insurance Agent Co., Ltd.	Chairman & Legal Representative
	Kun Shan Feng Sheng Insurance Agency Co., Ltd.	Chairman
	All Safe Co., Ltd.	Chairman
Taiwan Navigator Asset Investment Co., Ltd. Representative: Tsui-Jung Chen	Shanghai Lianda Insurance Agent Co., Ltd.	Supervisor
	Kun Shan Feng Sheng Insurance Agency Co., Ltd.	Director, Legal Representative and General Manager
Cheng-Rong Enterprise Co., Ltd. Representative: Yang-Kuo Chen	All Safe Co., Ltd.	Supervisor

## Special Motions

## Adjournment

# **Attachments**

## **1. Independent Auditor's Report and Financial Statements**

### **Attachment 1**

#### **Consolidated Financial Statements for the**

#### **Years Ended December 31, 2017 and 2016**

#### **Independent Auditors' Report**

The Board of Directors and Shareholders  
Taiming Assurance Broker Co., Ltd.

##### **Opinion**

We have audited the accompanying consolidated financial statements of Taiming Assurance Broker Co., Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Company as of December 31, 2017 and 2016, 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 Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

##### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **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 for the year ended December 31, 2017. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2017 are stated as follows :

### Revenue recognition

#### Key audit matters

The Taiming Company's revenue of 2017 totaled at NT\$ 655,617 thousand. In which, NT\$ 482,759 thousand were commissions for the first year and the renewal years from the top 10 insurance companies, totaled for 65% of the revenue.

The monthly commission revenue of the Taiming Company is based on the premium of insurance products at rates agreed upon with insurance companies and on other terms. Besides it also receives policy settlement commission, which is checked for any difference. The calculation of the commission revenue from the premium of the first year and the renewal years could either be over- or underestimated, and therefore, it is a key audit issue.

The accounting policy on commission revenue assessment is shown in Note 4.

#### Audit process followed:

1. Identify the internal control mechanism followed by the management to calculate the commission revenue correctly (including its information system) and observe how it operates.
2. Obtain the commission computation formula followed, policy information of the first year and the renewal years and the computation factors including the commission rate agreed upon with insurance companies, independently recalculate the commission revenue amount renewal years to assess if it is correct.
3. Obtain sample lists of life insurance and group insurance policy commission accounts of the top ten insurance companies from the policy information system, and audit the accounts against the statements provided by these companies to verify whether the book amount conforms to the statement amount.
4. Audit the amount in the statement of the account from insurance companies and evaluate if the commission revenue renewal years is reasonable or not.

### Recognition of commission payable

#### Key audit matters

The commission payable by the Taiming Company at the end of 2017 is NT\$78,071 thousand, including the first year, and the renewal years and the annual bonus of NT\$68,513 thousand totaled for 71% of other payables.

To assess the commission payable by the Taiming Company, calculate the commission payable based on calculations including that generated from the first year, the renewal years, the annual bonus and the agreed to commission distribution rate in business provisions pursuant to the salesperson remuneration operation and business provisions in the internal control system; as the correctness of the calculation of commission payable may lead to misstatements, it is a key matter for audit.

Related accounting policy and critical disclosure information about the commission payable are shown in Note 4 and Note 14 of the audit procedures followed.

1. To find out the internal control mechanism followed by the management to assess the commission payable and observe the process in operation.
2. To obtain the salesman remuneration mechanism and business provisions in the internal control followed by Taiming Assurance Broker Co., Ltd., and assess if the commission paid at the end of the term is reasonable based on commission of the first year, the renewal years, the annual bonus and the commission distribution rate.
3. To check if the commission of the first year, the renewal years and the annual bonus actually distributed after the term is reasonable or not.

### **Other Matter**

We have also audited the parent company only financial statements of Taiming Assurance Broker Co., Ltd. as of and for the years ended December 31, 2017 and 2016 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 Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 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.

### **Auditors' 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 the 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 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 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 Company 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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 for the year ended December 31, 2017 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 Wang-Sheng Lin and Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2018

Notice to Readers



*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note X to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.*

# **TAIMING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES**

## **CONSOLIDATED BALANCE SHEETS** **DECEMBER 31, 2017 AND 2016** (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 95,830	16	\$ 139,806	23
Financial assets at fair value through profit or loss - current	52,913	9	85,085	14
Available-for-sale financial assets - current	107,157	18	75,980	13
Debt investments with no active market - current	13,500	3	20,000	3
Notes and trade receivables	90,218	15	108,340	18
Other receivables	948	-	-	-
Prepayments	1,144	-	816	-
Other current assets	<u>3</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total current assets	<u>361,713</u>	<u>61</u>	<u>430,032</u>	<u>71</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets measured at cost - non-current	104,000	17	54,000	9
Investments accounted for using the equity method	5,028	1	1,774	-
Property and equipment	48,601	8	46,906	8
Investment properties	68,672	12	69,036	11
Deferred tax assets	1,785	-	1,724	-
Other non-current assets - other	<u>6,198</u>	<u>1</u>	<u>5,709</u>	<u>1</u>
Total non-current assets	<u>234,284</u>	<u>39</u>	<u>179,149</u>	<u>29</u>
<b>TOTAL</b>	<u>\$ 595,997</u>	<u>100</u>	<u>\$ 609,181</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	\$ 231	-	\$ 204	-
Other payables	96,339	16	116,523	19
Current tax liabilities	6,501	1	10,102	2
Other current liabilities - other	<u>8,026</u>	<u>2</u>	<u>10,629</u>	<u>2</u>
Total current liabilities	<u>111,097</u>	<u>19</u>	<u>137,458</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions - non-current	20,224	3	19,416	3
Deferred tax liabilities	236	-	77	-
Other non-current liabilities - other	<u>504</u>	<u>-</u>	<u>503</u>	<u>-</u>
Total non-current liabilities	<u>20,964</u>	<u>3</u>	<u>19,996</u>	<u>3</u>
Total liabilities	<u>132,061</u>	<u>22</u>	<u>157,454</u>	<u>26</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	<u>236,880</u>	<u>40</u>	<u>236,880</u>	<u>39</u>
Capital surplus	<u>51,892</u>	<u>9</u>	<u>51,892</u>	<u>8</u>
Retained earnings				
Legal reserve	80,078	13	71,499	12
Special reserve	-	-	5,688	1
Unappropriated earnings	<u>96,574</u>	<u>16</u>	<u>85,659</u>	<u>14</u>
Total retained earnings	<u>176,652</u>	<u>29</u>	<u>162,846</u>	<u>27</u>
Other equity	<u>(1,488)</u>	<u>-</u>	<u>109</u>	<u>-</u>
Total equity	<u>463,936</u>	<u>78</u>	<u>451,727</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 595,997</u>	<u>100</u>	<u>\$ 609,181</u>	<u>100</u>

# TAIMING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 655,617	100	\$ 722,611	100
OPERATING COSTS	<u>491,607</u>	<u>75</u>	<u>551,012</u>	<u>76</u>
GROSS PROFIT	<u>164,010</u>	<u>25</u>	<u>171,599</u>	<u>24</u>
OPERATING EXPENSES				
Selling and marketing expenses	6,441	1	9,815	1
General and administrative expenses	<u>76,743</u>	<u>12</u>	<u>71,412</u>	<u>10</u>
Total operating expenses	<u>83,184</u>	<u>13</u>	<u>81,227</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>80,826</u>	<u>12</u>	<u>90,372</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates	(88)	-	(1,122)	-
Interest income	1,562	-	428	-
Other income - other	2,451	-	2,509	-
Dividends income	9,920	2	6,747	1
Gain on disposal of investment	10,189	2	-	-
Net gain/(loss) arising on financial assets classified as held for trading	<u>(38)</u>	<u>-</u>	<u>505</u>	<u>-</u>
Total non-operating income and expenses	<u>23,996</u>	<u>4</u>	<u>9,067</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	104,822	16	99,439	14
INCOME TAX EXPENSE	<u>15,121</u>	<u>3</u>	<u>16,732</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>89,701</u>	<u>13</u>	<u>82,707</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(113)	-	(191)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>19</u>	<u>-</u>	<u>33</u>	<u>-</u>
	<u>(94)</u>	<u>-</u>	<u>(158)</u>	<u>-</u>

(Continued)

# **TAIMING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on available-for-sale financial assets	(1,522)	-	5,797	1
Share of the other comprehensive income/(loss) of associates accounted for using the equity method	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,597)</u>	<u>-</u>	<u>5,797</u>	<u>1</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(1,691)</u>	<u>-</u>	<u>5,639</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 88,010</u>	<u>13</u>	<u>\$ 88,346</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 89,701	14	\$ 85,787	12
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(3,080)</u>	<u>(1)</u>
	<u>\$ 89,701</u>	<u>14</u>	<u>\$ 82,707</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 88,010	13	\$ 91,426	13
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(3,080)</u>	<u>(1)</u>
	<u>\$ 88,010</u>	<u>13</u>	<u>\$ 88,346</u>	<u>12</u>
EARNINGS PER SHARE				
Basic	<u>\$ 3.79</u>		<u>\$ 3.62</u>	
Diluted	<u>\$ 3.78</u>		<u>\$ 3.61</u>	

(Concluded)

# **TAIHING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owner of the Company						Other Equity		Non-controlling Interests	Total Equity
	Share Capital		Retained Earnings			Exchange Difference on Translating of Foreign Operations	Unrealized Losses on Available-for-sale Financial Assets	Total		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2016	\$ 236,880	\$ 61,367	\$ 64,111	\$ -	\$ 74,695	\$ -	\$ (5,688)	\$ 431,365	\$ 2,125	\$ 433,490
Appropriation of 2015 earnings										
Legal reserve	-	-	7,388	-	(7,388)	-	-	-	-	-
Special reserve	-	-	-	5,688	(5,688)	-	-	-	-	-
Cash dividends	-	-	-	-	(61,589)	-	-	(61,589)	-	(61,589)
Issuance of cash dividends from capital surplus	-	(9,475)	-	-	-	-	-	(9,475)	-	(9,475)
Net income for the year ended December 31, 2016	-	-	-	-	85,787	-	-	85,787	(3,080)	82,707
Other comprehensive income/(loss), net of tax for the year ended December 31, 2016	-	-	-	-	(158)	-	5,797	5,639	-	5,639
Total comprehensive income/(loss) for the year ended December 31, 2016	-	-	-	-	85,629	-	5,797	91,426	(3,080)	88,346
Non-controlling interests	-	-	-	-	-	-	-	-	955	955
BALANCE, DECEMBER 31, 2016	236,880	51,892	71,499	5,688	85,659	-	109	451,727	-	451,727
Appropriation of 2016 earnings										
Legal reserve	-	-	8,579	-	(8,579)	-	-	-	-	-
Cash dividends	-	-	-	-	(75,801)	-	-	(75,801)	-	(75,801)
Special reserve reversed	-	-	-	(5,688)	5,688	-	-	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	89,701	-	-	89,701	-	89,701
Other comprehensive income/(loss), net of tax for the year ended December 31, 2017	-	-	-	-	(94)	(75)	(1,522)	(1,691)	-	(1,691)
Total comprehensive income/(loss) for the year ended December 31, 2017	-	-	-	-	89,607	(75)	(1,522)	88,010	-	88,010
BALANCE, DECEMBER 31, 2017	\$ 236,880	\$ 51,892	\$ 80,078	\$ -	\$ 96,574	\$ (75)	\$ (1,413)	\$ 463,936	\$ -	\$ 463,936

# TAIMING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 104,822	\$ 99,439
Adjustments for:		
Depreciation expenses	2,830	3,613
Amortization expenses	-	276
Impairment loss reversed on trade receivables	(46)	(133)
Net (gain)/loss on fair value changes of financial assets held for trading	38	(505)
Interest income	(1,562)	(428)
Dividend income	(9,920)	(6,747)
Share of loss of associates	88	1,122
Gain on disposal of investment	(10,189)	-
Changes in operating assets and liabilities		
Financial assets held for trading	32,134	(15,000)
Notes and trade receivables	18,122	(17,424)
Other receivables	(902)	133
Prepayments of pension	(101)	(103)
Prepayments	(328)	189
Other current assets	2	(166)
Notes payable	27	(42)
Other payables	(20,184)	23,503
Provisions	808	2,718
Other current liabilities	(2,603)	3,749
Other liabilities	<u>1</u>	<u>40</u>
Cash generated from operations	113,037	94,234
Income tax paid	<u>(18,605)</u>	<u>(14,417)</u>
Net cash generated from operating activities	<u>94,432</u>	<u>79,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(76,200)	-
Proceeds from sale of available-for-sale financial assets	53,690	-
Proceeds from sale of debt investments with no active market	6,500	-
Purchase of financial assets measured at cost	(50,000)	(2,000)
Purchase of Investments accounted for using the equity method	(3,417)	(1,773)
Net assets on disposal of subsidiaries	-	(222)
Payments for property and equipment	(4,161)	(1,225)
Increase in refundable deposits	(501)	(5)
Interests received	1,562	428
Dividends received	<u>9,920</u>	<u>6,747</u>
Net cash generated from/(used in) investing activities	<u>(62,607)</u>	<u>1,950</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	(75,801)	(71,064)

(Continued)

# TAIMING ASSURANCE BROKER CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

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	2017	2016
Non-controlling interests	<u>-</u>	<u>1,945</u>
Net cash used in financing activities	<u>(75,801)</u>	<u>(69,119)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(43,976)	12,648
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>139,806</u>	<u>127,158</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 95,830</u>	<u>\$ 139,806</u>

(Concluded)

# **Parent Company Only Financial Statements for the Years Ended December 31, 2017 and 2016**

## **Independent Auditors' Report**

The Board of Directors and Shareholders  
Taiming Assurance Broker Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only financial statements of Taiming Assurance Broker Co., Ltd. (the Company), which comprise the parent company only balance sheets as of December 31, 2017 and 2016, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2017 and 2016, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2017 are stated as follows :

#### Revenue recognition



## Key audit matters

The Taiming Company's revenue of 2017 totaled at NT\$ 655,559 thousand. In which, NT\$ 482,759 thousand were commissions for the first year and the renewal years from the top 10 insurance companies, totaled for 65% of the revenue.

The monthly commission revenue of the Taiming Company is based on the premium of insurance products at rates agreed upon with insurance companies and on other terms. Besides it also receives policy settlement commission, which is checked for any difference. The calculation of the commission revenue from the premium of the first year and the renewal years could either be over- or underestimated, and therefore, it is a key audit issue.

The accounting policy on commission revenue assessment is shown in Note 4.

### Audit process followed:

1. Identify the internal control mechanism followed by the management to calculate the commission revenue correctly (including its information system) and observe how it operates.
2. Obtain the commission computation formula followed, policy information of the first year and the renewal years and the computation factors including the commission rate agreed upon with insurance companies, independently recalculate the commission revenue amount renewal years to assess if it is correct.
3. Obtain sample lists of life insurance and group insurance policy commission accounts of the top ten insurance companies from the policy information system, and audit the accounts against the statements provided by these companies to verify whether the book amount conforms to the statement amount.
4. Audit the amount in the statement of the account from insurance companies and evaluate if the commission revenue renewal years is reasonable or not.

### Recognition of commission payable

## Key audit matters

The commission payable by the Taiming Company at the end of 2017 is NT\$78,071 thousand, including the first year, and the renewal years and the annual bonus of NT\$68,513 thousand totaled for 71% of other payables.

To assess the commission payable by the Taiming Company, calculate the commission payable based on calculations including that generated from the first year, the renewal years, the annual bonus and the agreed to commission distribution rate in business provisions pursuant to the salesperson remuneration operation and business provisions in the internal control system; as the correctness of the calculation of commission payable may lead to misstatements, it is a key matter for audit.

Related accounting policy and critical disclosure information about the commission payable are shown in Note 4 and Note 14 of the audit procedures followed.

1. To find out the internal control mechanism followed by the management to assess the commission payable and observe the process in operation.
2. To obtain the salesman remuneration mechanism and business provisions in the internal control followed by Taiming Assurance Broker Co., Ltd., and assess if the commission paid at the end of the term is reasonable based on commission of the first year, the renewal years, the annual bonus and the commission distribution rate.

3. To check if the commission of the first year, the renewal years and the annual bonus actually distributed after the term is reasonable or not.

### **Other Matter**

We have also audited the parent company only financial statements of Taiming Assurance Broker Co., Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

As part of an audit in accordance with the 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 parent company only 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 parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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 parent company only financial statements for the year ended December 31, 2017 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 Wang-Sheng Lin and Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2018

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail. Also, as stated in Note X to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.*

# **TAIMING ASSURANCE BROKER CO., LTD.**

## **BALANCE SHEETS**

**DECEMBER 31, 2017 AND 2016**

**(In Thousands of New Taiwan Dollars)**

ASSETS	2017		2016	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 95,498	16	\$ 139,418	23
Financial assets at fair value through profit or loss - current	52,913	9	85,085	14
Available-for-sale financial assets - current	107,157	18	75,980	13
Debt investments with no active market - current	13,500	3	20,000	3
Notes and trade receivables	90,223	15	108,355	18
Other receivables	947	-	-	-
Prepayments	1,138	-	807	-
Other current assets	<u>3</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total current assets	<u>361,379</u>	<u>61</u>	<u>429,650</u>	<u>71</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets measured at cost - non-current	104,000	17	54,000	9
Investments accounted for using the equity method	5,358	1	2,156	-
Property and equipment	48,601	8	46,906	8
Investment properties	68,672	12	69,036	11
Deferred tax assets	1,785	-	1,724	-
Other non-current assets - other	<u>6,198</u>	<u>1</u>	<u>5,709</u>	<u>1</u>
Total non-current assets	<u>234,614</u>	<u>39</u>	<u>179,531</u>	<u>29</u>
<b>TOTAL</b>	<u>\$ 595,993</u>	<u>100</u>	<u>\$ 609,181</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	\$ 231	-	\$ 204	-
Other payables	96,339	16	116,523	19
Current tax liabilities	6,501	1	10,102	2
Other current liabilities - other	<u>8,022</u>	<u>2</u>	<u>10,629</u>	<u>2</u>
Total current liabilities	<u>111,093</u>	<u>19</u>	<u>137,458</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions - non-current	20,224	3	19,416	3
Deferred tax liabilities	236	-	77	-
Other non-current liabilities - other	<u>504</u>	<u>-</u>	<u>503</u>	<u>-</u>
Total non-current liabilities	<u>20,964</u>	<u>3</u>	<u>19,996</u>	<u>3</u>
Total liabilities	<u>132,057</u>	<u>22</u>	<u>157,454</u>	<u>26</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	<u>236,880</u>	<u>40</u>	<u>236,880</u>	<u>39</u>
Capital surplus	<u>51,892</u>	<u>9</u>	<u>51,892</u>	<u>8</u>
Retained earnings				
Legal reserve	80,078	13	71,499	12
Special reserve	-	-	5,688	1
Unappropriated earnings	<u>96,574</u>	<u>16</u>	<u>85,659</u>	<u>14</u>
Total retained earnings	<u>176,652</u>	<u>29</u>	<u>162,846</u>	<u>27</u>
Other equity	<u>(1,488)</u>	<u>-</u>	<u>109</u>	<u>-</u>
Total equity	<u>463,936</u>	<u>78</u>	<u>451,727</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 595,993</u>	<u>100</u>	<u>\$ 609,181</u>	<u>100</u>

# TAIHING ASSURANCE BROKER CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 655,559	100	\$ 722,521	100
OPERATING COSTS	<u>491,587</u>	<u>75</u>	<u>550,972</u>	<u>76</u>
GROSS PROFIT	<u>163,972</u>	<u>25</u>	<u>171,549</u>	<u>24</u>
OPERATING EXPENSES				
Selling and marketing expenses	6,441	1	7,673	1
General and administrative expenses	<u>76,713</u>	<u>12</u>	<u>68,517</u>	<u>10</u>
Total operating expenses	<u>83,154</u>	<u>13</u>	<u>76,190</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>80,818</u>	<u>12</u>	<u>95,359</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries, associates	(140)	-	(3,089)	-
Interest income	1,562	-	428	-
Other income - other	2,511	-	2,569	-
Dividends income	9,920	2	6,747	1
Gain on disposal of investment	10,189	2	-	-
Net gain/(loss) arising on financial assets classified as held for trading	<u>(38)</u>	<u>-</u>	<u>505</u>	<u>-</u>
Total non-operating income and expenses	<u>24,004</u>	<u>4</u>	<u>7,160</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	104,822	16	102,519	14
INCOME TAX EXPENSE	<u>15,121</u>	<u>3</u>	<u>16,732</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>89,701</u>	<u>13</u>	<u>85,787</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(113)	-	(191)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>19</u>	<u>-</u>	<u>33</u>	<u>-</u>
	<u>(94)</u>	<u>-</u>	<u>(158)</u>	<u>-</u>

(Continued)

# **TAIMING ASSURANCE BROKER CO., LTD.**

## **STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on available-for-sale financial assets	(1,522)	-	5,797	1
Share of other comprehensive loss of subsidiaries, associates accounted for using the equity method	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,597)</u>	<u>-</u>	<u>5,797</u>	<u>1</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(1,691)</u>	<u>-</u>	<u>5,639</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 88,010</u>	<u>13</u>	<u>\$ 91,426</u>	<u>13</u>
EARNINGS PER SHARE				
Basic	<u>\$ 3.79</u>		<u>\$ 3.62</u>	
Diluted	<u>\$ 3.78</u>		<u>\$ 3.61</u>	

(Concluded)

**TAIMING ASSURANCE BROKER CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Retained Earnings			Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference on Translating of Foreign Operations	Unrealized Losses on Available-for-sale Financial Assets	
BALANCE, JANUARY 1, 2016	\$ 236,880	\$ 61,367	\$ 64,111	\$ -	\$ 74,695	\$ -	\$ (5,688)	\$ 431,365
Appropriation of 2015 earnings								
Legal reserve	-	-	7,388	-	(7,388)	-	-	-
Special reserve	-	-	-	5,688	(5,688)	-	-	-
Cash dividends	-	-	-	-	(61,589)	-	-	(61,589)
Issuance of cash dividends from capital surplus	-	(9,475)	-	-	-	-	-	(9,475)
Net income for the year ended December 31, 2016	-	-	-	-	85,787	-	-	85,787
Other comprehensive income/(loss), net of tax for the year ended December 31, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>5,797</u>	<u>5,639</u>
Total comprehensive income/(loss) for the year ended December 31, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,629</u>	<u>-</u>	<u>5,797</u>	<u>91,426</u>
BALANCE, DECEMBER 31, 2016	236,880	51,892	71,499	5,688	85,659	-	109	451,727
Appropriation of 2016 earnings								
Legal reserve	-	-	8,579	-	(8,579)	-	-	-
Cash dividends	-	-	-	-	(75,801)	-	-	(75,801)
Special reserve reversed	-	-	-	(5,688)	5,688	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	89,701	-	-	89,701
Other comprehensive income/(loss), net of tax for the year ended December 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>(75)</u>	<u>(1,522)</u>	<u>(1,691)</u>
Total comprehensive income/(loss) for the year ended December 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,607</u>	<u>(75)</u>	<u>(1,522)</u>	<u>88,010</u>
BALANCE, DECEMBER 31, 2017	<u>\$ 236,880</u>	<u>\$ 51,892</u>	<u>\$ 80,078</u>	<u>\$ -</u>	<u>\$ 96,574</u>	<u>\$ (75)</u>	<u>\$ (1,413)</u>	<u>\$ 463,936</u>



# **TAI-MING ASSURANCE BROKER CO., LTD.**

## **STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**(In Thousands of New Taiwan Dollars)**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 104,822	\$ 102,519
Adjustments for:		
Depreciation expenses	2,830	3,613
Impairment loss reversed on trade receivables	(46)	(133)
Net (gain)/loss on fair value changes of financial assets held for trading	38	(505)
Interest income	(1,562)	(428)
Dividend income	(9,920)	(6,747)
Share of loss of subsidiaries, associates	140	3,089
Gain on disposal of investment	(10,189)	-
Changes in operating assets and liabilities		
Financial assets held for trading	32,134	(15,000)
Notes and Trade receivables	18,132	(17,439)
Other receivables	(901)	133
Prepayments of pension	(101)	(103)
Prepayments	(331)	182
Other current assets	2	18
Notes payable	27	(560)
Other payables	(20,184)	24,033
Provisions	808	2,718
Other current liabilities	(2,607)	1,824
Other liabilities	<u>1</u>	<u>40</u>
Cash generated from operations	113,093	97,254
Income tax paid	<u>(18,605)</u>	<u>(14,417)</u>
Net cash generated from operating activities	<u>94,488</u>	<u>82,837</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(76,200)	-
Proceeds from sale of available-for-sale financial assets	53,690	-
Proceeds from sale of debt investments with no active market	6,500	-
Purchase of financial assets measured at cost	(50,000)	(2,000)
Purchase of Investments accounted for using the equity method	(3,417)	(2,828)
Payments for property and equipment	(4,161)	(1,225)
Increase in refundable deposits	(501)	(5)
Interests received	1,562	428
Dividends received	<u>9,920</u>	<u>6,747</u>
Net cash generated from/(used in) investing activities	<u>(62,607)</u>	<u>1,117</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	<u>(75,801)</u>	<u>(71,064)</u>

(Continued)

# **TAIMING ASSURANCE BROKER CO., LTD.**

## **STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**(In Thousands of New Taiwan Dollars)**

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	<b>2017</b>	<b>2016</b>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(43,920)	12,890
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>139,418</u>	<u>126,528</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 95,498</u>	<u>\$ 139,418</u>

(Concluded)

## 2. Adoption of the Proposal for Distribution of 2017 Profits

### Attachment 2

#### Taiming Assurance Broker Co., Ltd. Distribution of 2017 Profits

Unit: NT\$

Items	Amount	
	Subtotal	Total
Unappropriated retained earnings of previous years		6,966,878
Less: Re-measurement of defined benefit obligation		(93,931)
Plus: Net income of 2017		89,700,324
Less: Legal reserve (10%)		(8,970,032)
Less: Special reserve		(1,487,427)
<b>Retained earnings available for distribution</b>		<b>86,115,812</b>
Distributable items:		
Cash dividends to common shareholders - 3.2 per share	(75,801,600)	(75,801,600)
<b>Unappropriated retained earnings</b>		<b>10,314,212</b>

Note:

1. Priority is given to surplus reserves in 2017, followed by surplus reserves in 2016.
2. The cash dividends are calculated up to NT\$ 1. Decimal points are rounded down and the uncounted shares in fractions of NT\$ 1 is included in other incomes.
3. Allocated 2 percent for employee compensation (NT\$ 2,183,779) in cash.  
Allocated 2 percent for compensation to the directors (NT\$ 2,183,779) in cash.
4. Dividends distributed by the Company are based on the outstanding shares of 23,688 thousand.

### 3. Amendment to the Company's Corporate Charter

#### Attachment 3

**Taiming Assurance Broker Co., Ltd.  
Corporate Charter  
Comparison Table of the Amendment**

Article	Amended	Original	Comment
Article 14-1	<p>Convening of the Board of Directors' meeting shall state the cause and notify the directors Seven Days in advance. However, in times of emergency, a meeting may be called at any time.</p> <p><u>The notice mentioned in the preceding paragraph may be effected in writing or by means of electronic transmission.</u></p>	<p>Convening of the Board of Directors' meeting shall state the cause and notify the directors Seven Days in advance. However, in times of emergency, a meeting may be called at any time.</p> <p><u>The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</u></p>	<p>In accordance with Article 204 of the Company Act and the Ministry of Economic August 9, 2011 directive No. 10002422930, this Article is amended.</p>
Article 15	<p>In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the</p>	<p>In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the</p>	<p>This article is added in accordance with paragraph 2, Article 205 of the Company Act.</p>

	<p>Company Act. Unless otherwise provided, a Board of Directors meeting requires presence of over half of the directors and agreed upon by over half of the directors present. Directors may appoint proxies with a letter of appointment of representation, stating the scope of authorization. However, one proxy can only be appointed by one director.</p> <p><u>If the meeting of the board of directors is conducted by video conference, the directors taking part in the video conference are deemed to have attended the meeting in person.</u></p>	<p>Company Act. Unless otherwise provided, a Board of Directors meeting requires presence of over half of the directors and agreed upon by over half of the directors present. Directors may appoint proxies with a letter of appointment of representation, stating the scope of authorization. However, one proxy can only be appointed by one director.</p>	
Article 21	<p>The Company's Corporate Charter was agreed to and signed on October 3, 2002. The first Amendment was approved on May 1, 2004.</p>	<p>The Company's Corporate Charter was agreed to and signed on October 3, 2002. The first Amendment was approved on May 1, 2004.</p>	<p>Add the latest date and the number of times of amendment for The Company's Corporate Charter.</p>

	<p>The second Amendment was approved on June 10, 2005.</p> <p>The third Amendment was approved on June 9, 2006.</p> <p>The fourth Amendment was approved on June 13, 2007.</p> <p>The fifth Amendment was approved on June 20, 2008.</p> <p>The sixth Amendment was approved on June 17, 2009.</p> <p>The seventh Amendment was approved on June 14, 2013.</p> <p>The eighth Amendment was approved on July 26, 2013.</p> <p>The ninth Amendment was approved on Oct. 11, 2013.</p> <p>The tenth Amendment was approved on May 14, 2014.</p> <p>The eleventh Amendment was approved on June 10, 2015.</p> <p>The twelfth</p>	<p>The second Amendment was approved on June 10, 2005.</p> <p>The third Amendment was approved on June 9, 2006.</p> <p>The fourth Amendment was approved on June 13, 2007.</p> <p>The fifth Amendment was approved on June 20, 2008.</p> <p>The sixth Amendment was approved on June 17, 2009.</p> <p>The seventh Amendment was approved on June 14, 2013.</p> <p>The eighth Amendment was approved on July 26, 2013.</p> <p>The ninth Amendment was approved on Oct. 11, 2013.</p> <p>The tenth Amendment was approved on May 14, 2014.</p> <p>The eleventh Amendment was approved on June 10, 2015.</p> <p>The twelfth</p>	
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	<p>Amendment was approved on June 15, 2016.</p> <p>The thirteenth Amendment was approved on June 14, 2017.</p> <p><u>The fourteenth Amendment was approved on June 8, 2018.</u></p>	<p>Amendment was approved on June 15, 2016.</p> <p>The thirteenth Amendment was approved on June 14, 2017.</p>	
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# Appendix

## 1. Rules and Procedures of Shareholders' Meeting

## Appendix 1

### **Taiming Assurance Broker Co., Ltd. Rules and Procedures of Shareholders' Meeting**

#### Article 1

To establish a sound governance system, the Company, in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, formulated the rule and established an effective corporate governance structure, and disclosed it at the public information observation station.

#### Article 2

Unless otherwise provides in relevant laws and regulations, these Rules and Procedures of Shareholders' Meeting shall prevail.

#### Article 3

Unless otherwise provided by regulations, shareholders' meeting is convened by the Board of Directors.

This Company shall prepare the notice for shareholders' meeting 30 days prior to an annual general meeting of shareholders or 15 days prior to an ad hoc shareholders' meeting, along with the form for appointment of representation, matters to be recognized, matters to be discussed and information regarding appointment or dismissal of directors in the form of electronic files and upload them to the Market Observation Post System. This Company shall prepare the shareholders' meeting agenda 21 days prior to an annual general meeting of shareholders or 15 days prior to an provisional shareholders' meeting in the form of electronic files and upload them to the Market Observation Post System. This Company shall prepare the shareholders' meeting agenda 15 days prior to the day of the shareholders' meeting and made available to all shareholders, as well



as displaying the agenda at the stock agent commissioned by the Company and at the site of the shareholders' meeting.

The purpose for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be delivered in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the Company, 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 and shall not be raised as special motions.

Shareholders holding 1 percent or more of the total number of outstanding shares of the Company may submit a proposal to the Company for discussion at a general 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. When any of the circumstances provided in the subparagraphs of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a general shareholders' meeting is held, the Company shall publicly announce the commencement of accepting shareholder proposals, and the location and time period for their submission; the period for submission shall not be less than 10 days. Proposals submitted by shareholders are limited to 300 Chinese characters, and no proposal containing more than 300 Chinese characters will be included in the meeting agenda. Shareholders raising proposals shall be present in person or by proxy at the general shareholders' meeting and take part in discussions of the proposal. The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform the shareholders who have raised proposals the result of the evaluation and list the proposals conforming to the requirements set out in this Article in the shareholders' meeting notice. At the shareholders' meeting, the Board of

Directors shall explain the reasons for excluding any of the shareholders' proposals from the agenda.

#### Article 4

Shareholders may appoint a proxy to attend the meeting by expressing the intent in the form for appointment of representation provided by the Company, stating the scope of authorization and the identity of the proxy.

Each shareholder may only present one letter of appointment of representation and appoint one proxy only. The letter of appointment of representation shall be delivered to the Company no later than 5 days prior to the date of the shareholders' meeting. In case two or more appointment letters are received from one shareholder, the letter arriving first shall prevail, unless a declaration is made to revoke the previous appointment letter.

Shareholders who intend to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by electronic transmission after a letter of appointment of representation has been delivered to the Company, a notice expressing the intent to withdraw the proxy appointment shall be filed with the Company in writing no later than Two Days prior to the date of the shareholders' meeting stated in the shareholders' meeting notice; otherwise, the voting power exercised by the appointed proxy at the meeting shall prevail.

#### Article 5

The venue where a shareholders' meeting is to be held shall be in the premises of the Company or a location accessible for the shareholders with appropriate means to ensure the success of the event. All shareholder meetings may not begin before 9:00 a.m. or after 3:00 p.m. The opinions of the independent directors shall be fully taken into consideration in the decision-making process for the location and time of a shareholders' meeting.

#### Article 6

The Company shall specify in its shareholders' meeting notice the time and location for the reception of the attendees of the shareholders' meeting, and other matters that call for special attention.

The reception time described in the preceding paragraph shall be at least 30 minutes before the meeting commences. The reception counter shall be precisely indicated and staffed with sufficient and competent personnel to assist the shareholders to sign in.

Shareholders and their proxies (collectively referred to as "shareholders") shall attend shareholders' meetings with their meeting pass, sign-in cards, or other certificates that validate the attendance. The Company may not arbitrarily add requirements demanding for other documents beyond those showing eligibility presented by shareholders. Solicitors for proxy forms shall also bring document(s) in proof of identity for verification.

The Company shall prepare a shareholder sign-in book for signing or request the shareholders to hand in a sign-in card in lieu of signing on the attendance book. The Company shall provide each shareholder attending the meeting with a meeting agenda handbook, annual report, meeting pass, speaker's slips, voting slip, and other meeting materials. Where an election of directors is scheduled, ballots shall also be provided. When a government agency or a legal person is attending the meeting as a shareholder, it may be represented by more than one representatives. When a legal person is appointed to attend as a proxy, it may designate only one person for representation in the meeting.

## Article 7

When a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. In case the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson. If the Board has not appointed a vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as the chair, or, if managing directors have not been appointed, one of the directors shall be appointed to act as the chair. Where the chairperson does not make such appointment, the managing directors or the directors shall elect one person from among themselves to serve as chair.

When electing the chair from managing directors or directors, those who have held the positions for six months or longer and understand the financial and business

operations of the Company shall be considered with priority. The same shall apply when a representative of a legal person is elected to preside over the meeting as chairperson.

The shareholders' meeting convened by the Board of Directors shall be presided over by the Chairperson in person and more than half of the Board of Directors and at least one member of each of functional committees shall attend in person. The attendance record shall be documented in the shareholders' meeting minutes.

If a shareholders' meeting is convened by a rightful person outside the board of directors, the person convening the meeting shall chair the meeting. When there are two or more conveners, a chairperson shall be elected between them.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders meeting in a non-voting capacity.

#### Article 8

The Company shall record the full process of the meeting, from the beginning of reception, discussions to voting/vote counting, in an uninterrupted audio and video file.

The aforementioned audio and video file shall be kept for at least one year. If, however, a shareholder files a lawsuit drawing legal grounds from Article 189 of the Company Act, the recordings shall be retained until the end of the litigation.

#### Article 9

Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in book and sign-in cards, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the scheduled meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements

and the attending shareholders still represent less than one third of the total number of the issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of the issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

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

#### Article 10

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions in the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a rightful party outside the Board of Directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda stated in the preceding two paragraphs (including special motions), except by a resolution of the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules and procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunities for explanation and discussion of the proposals and of amendments or the special motions put forward by the shareholders during the meeting. When the chairperson deems that a proposal has

been discussed sufficiently to put to a vote, the chairperson may announce the discussion closed and call for a vote.

#### Article 11

Before speaking at the shareholders' meeting, the shareholder requesting to speak must specify the subject, his/her shareholder account number (or attendance card number) and account name on the speaker's slip. The order shall be set by the chairperson.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content deviates from the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda, the chairperson may end the speech.

When a shareholder is speaking, other shareholders may not speak or interrupt, unless they have sought and obtained consent from the chairperson and the speaking shareholder. The chairperson shall stop any interruptions.

When a legal person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same proposal.

After a shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

#### Article 12

Voting at a shareholders' meeting shall be calculated based the number of shares.

When making a resolution in a shareholders' meeting, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

Shareholders who are in conflict of interest shall abstain from voting on the associated proposals and shall not exercise voting rights as proxy for any other shareholders.

The number of shares without voting rights, as described in the preceding paragraph, shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder service 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% 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.

#### Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or deemed non-voting shares under paragraph 2, article 179 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic transmission. When voting rights are exercised by correspondence or electronic transmission, the method used to exercise the rights shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the special motions and revisions to the original proposals of that meeting; it is therefore advisable that the Company shall avoid submission of special motions and revision to the original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, but later decides to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights stated in the preceding paragraph shall be made known to the Company by the same means through which the voting rights were exercised no later than 2 business days before the date of the shareholders' meeting. If the notice to retract is submitted after that time, the voting rights exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means and simultaneously by proxy, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and in the Company's Corporate Charter, approval of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, the chairperson or personnel designated by the chairperson shall announce the total votes represented by the attending shareholders before each round of voting. The results, agreed, disagreed or abstained, on each motion shall be uploaded to the Market Observation Post System on the same day of the shareholders' meeting.

When there is a revised or alternative version to a proposal, the Chairperson shall present the different versions of the same proposal together and decide on the order in which they will be put to a vote. When any of the versions is passed, other versions of the proposal deemed rejected, and no further voting shall be required.

The chairperson shall appoint personnel for monitoring and counting of votes, but the person appointed to monitor the voting process shall be a shareholder.

Vote counting for motions or election shall be conducted at an open space in the venue of the shareholder meeting and the results, including statistical weights, shall be announced immediately after counting and recorded.

#### Article 14

Election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes each of them received.



The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit drawing legal grounds from Article 189 of the Company Act, the records shall be retained until the end of the litigation.

#### Article 15

Resolutions made in a shareholders' meeting shall be made into meeting minutes. The meeting minutes shall be signed or stamped by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the meeting. Electronic means may be adopted for printing and distribution of the meeting minutes.

Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the Market Observation Post System.

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

#### Article 16

The Company shall compile a list in the prescribed format to provide information on the number of shares represented by solicitors and proxies, and make an expressive disclosure inside the venue of the shareholders meeting.

When a resolution made in the shareholders' meeting involves material information that requires disclosure under applicable laws or regulations or directives of Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### Article 17

Staff handling administration of a shareholders' meeting shall wear badges or arm bands for identification.

The chairperson may instruct proctors or security personnel to help maintain order at the meeting place. Proctors or security personnel engaged to maintain order at the meeting place shall wear badges or armbands bearing the word "Proctor" for identification.

When a shareholder attempts to speak through any device other than the equipment set up by the Company during a shareholders' meeting, the chairperson may act to stop the shareholder from so doing.

When a shareholder violates the rules and procedure and obstructs the proceedings, while defying the chairperson's call to maintain order, the chairperson may instruct the proctors or security personnel to escort the shareholder out from the venue.

#### Article 18

When a meeting is in progress, the chairperson may announce a break if necessary. In case a event of force majeure occurs, the chairperson may rule to suspend the meeting and announce a time to resumed when possible.

If the meeting venue is no longer available for continuous use before all matters (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may raise a motion for a resolution to seek another venue to continue the meeting.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### Article 19

These Rules and Procedures, along with any amendments hereto, shall be implemented after approval by the shareholders' meetings.

## **2. Corporate Charter**

## **Appendix 2**

### **Taiming Assurance Broker Co., Ltd. Corporate Charter**

#### **Chapter 1 General**

##### **Article 1**

The Company is organized according to the Company Act under the name of Taiming Assurance Broker Co., Ltd.

##### **Article 2**

The Company may engage in the following business activities:

H602011 Life Insurance Brokerage

H602021 Property Insurance Brokerage

##### **Article 3**

The Company set up its headquarters in Taipei City. When necessary, it may set up branch offices domestically or abroad with a resolution by the Board of Directors.

##### **Article 4**

The Company makes public announcements in accordance with Article 28 of the Company Act.

##### **Article 4-1**

The Company's external investment may exceed the paid-in capital by more than 40 percent and the Board of Directors is authorized to implement such investments.

##### **Article 4-2**

The company may make endorsement in accordance with the Company's Procedure for Endorsement and Guarantees for the company's operations or when needed by the investment businesses.

## **Chapter 2 Shares**

### **Article 5**

The total capital of the company is NT\$ 300 million, raised with 30 million shares in several stages under authorization of the Board of Directors.

Each share bears a face value of NT\$ 10.

### **Article 6**

Shares of the Company are name-bearing certificates, signed and stamped by more than three Directors, and issued in compliance with relevant laws and regulations after approval.

Shares of the Company are issued without physical certificates, but shall be recorded at the Centralized Securities Depository.

Registration

### **Article 7**

The book closure date implemented to facilitate each general and provisional shareholders' meeting shall be determined in accordance with the provisions in Article 165 of the Company Act and five days before the base day set for share transfer and settlement of dividend and other interests.

## **Chapter 3 Shareholders' Meeting**

### **Article 8**

Shareholders' meeting can be classified into general or provisional meeting. The general meeting is held at least once per year, commenced within six months from the end of a fiscal year, and the provisional meeting is held whenever necessary in accordance with the relevant laws and regulations. The shareholders' meeting notice can be delivered in electronic form when consented by the receiver. For shareholders holding less than one thousand registered shares, the notice stated in the preceding paragraph can be delivered in the form of a public announcement.

### **Article 8-1**

When the Company intends to revoke a public offering, the matter shall be

raised at the shareholders' meeting and determined by a resolution.

#### Article 9

Shareholder may appoint a proxy to attend the shareholders' meeting on behalf by providing a signed and stamped letter of appointment of representation in the format provided by the Company, stating the scope of authorization. The use of the letter of appointment of representation shall be in compliance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" enforced by the competent authority, unless other stipulated in the Company Act.

#### Article 10

Unless otherwise prescribed in laws and regulations, holder of each share shall have one vote.

#### Article 11

Unless otherwise stipulated for in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. The voting rights of the Company's shareholders may be exercised in writing or by way of electronic transmission at a shareholders' meeting.

#### Article 12

When the Company is represented by one legal person shareholder only, the Company's Board of Directors shall exercise the rights on behalf of the Company at a shareholders' meeting. Therefore, rules and procedures provided in this Corporate Charter does not apply in such situation.

### **Chapter 4 Directors and Audit Committee**

#### Article 13

The Company appoints seven to nine directors, with the number of which determined by the Board of Directors and shall include no less than three independent directors which shall be no less than one-fifth of the total seats of directors.

Directors shall be elected from competent personnel who are not shareholders at the shareholders' meeting, serving a term of three years and may be elected for consecutive terms. When a director reaches the end of a term and a reelection cannot be held in time, the term of this director may be extended until a new director is elected and resume the position.

Candidates of Directors shall be nominated in accordance with Article 192-1 of the Company Act and elected at a shareholders' meeting. Professional qualifications, shareholdings, limitations on concurrent positions, recognition of independence, nomination and election of independent directors shall be conducted in accordance with relevant laws and regulations.

The Company may purchase liability insurance for its directors for the scope of business involved during their term of office.

#### Article 13-1

The Company sets up an Audit Committee formed by all independent directors, with the number of members no less than three; one serves as the convener and at least one shall have financial or accounting expertise.

#### Article 14

The Board of Directors is organized by directors and a chairperson and a vice chairperson is elected by the Board with two-thirds of all directors present and one-half of the directors present agreed. The Chairperson represents the Company.

#### Article 14-1

Convening of the Board of Directors' meeting shall state the cause and notify the directors Seven Days in advance. However, in times of emergency, a meeting may be called at any time. The notice mentioned in the preceding paragraph may be effected in writing or by means of electronic transmission.

#### Article 15

In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act. Unless otherwise

provided, a Board of Directors meeting requires presence of over half of the directors and agreed upon by over half of the directors present.

Directors may appoint proxies with a letter of appointment of representation, stating the scope of authorization. However, one proxy can only be appointed by one director.

#### Article 16

Compensations for the directors shall be determined by the Board of Directors according the involvement and contribution of each director, with reference to the industry standards.

### **Chapter 5 Managers**

#### Article 17

The Company may engage managers and their appointment, dismissal and compensations shall be conducted in accordance with Article 29 of the Company Act.

### **Chapter 6 Accounting**

#### Article 18

The Company's Board of Directors shall prepare (1) Business report (2) financial statements and (3) proposals for distribution of earning or appropriation of losses. The above shall be submitted to the Audit Committee for verification and to the general shareholders' meeting for recognition.

#### Article 18-1

If the Company makes profits in the year, 1 to 5 percent shall be allocated for employee compensation and no higher than 5 percent for director compensations. However, if the Company has accumulated losses, the profits shall be reserved to make up for the losses.

The employee compensation stated in the preceding paragraph may be paid in the forms of stock or cash, and the directors' compensations in cash only.

The payouts of employee and director compensations shall be determined by

the Board of Directors meeting attended by more than two-third of all board members present and agreed upon by no less than one-half of the members present and reported at the shareholder's meeting.

#### Article 19

If there is surplus in the Company's final account, priorities should be made to pay taxes and make up for the accumulated losses, and followed by 10 percent of legal surplus reserve. However, the legal surplus reserve has reached the Company's total paid-in capital and continuous contribution is not required. When needed, the legal surplus reserve may be transferred or reversed into the special surplus reserve in accordance with the relevant laws and regulations. If there is still a surplus, the Board of Directors shall propose to the shareholders' meeting for distribution of this surplus.

In the changing business environment, the Company is still in the growth stage. For future expansion, shareholder bonuses are paid in complementary forms of cash and stock, under the principle of no less than 50 percent of cash dividend, while adjustments may be made when necessary through a resolution at the shareholders' meeting.

### **Chapter 7 Supplementary Provisions**

#### Article 20

For matters not specified in this Corporate Charter, compliance with the Company Act shall be met.

#### Article 21

The Company's Corporate Charter was agreed to and signed on October 3, 2002.

The first Amendment was approved on May 1, 2004.

The second Amendment was approved on June 10, 2005.

The third Amendment was approved on June 9, 2006.

The fourth Amendment was approved on June 13, 2007.

The fifth Amendment was approved on June 20, 2008.

The sixth Amendment was approved on June 17, 2009.

The seventh Amendment was approved on June 14, 2013.



The eighth Amendment was approved on July 26, 2013.

The ninth Amendment was approved on Oct. 11, 2013.

The tenth Amendment was approved on May 14, 2014.

The eleventh Amendment was approved on June 10, 2015.

The twelfth Amendment was approved on June 15, 2016.

The thirteenth Amendment was approved on June 14, 2017.

### **3. Information Regarding Compensations of Employees and Directors**

#### **Appendix 3**

The 21st meeting of the 6th Board of Directors held on February 23, 2018 discussed the compensations for employees and directors and approved the sum of NT\$ 2,183,779 in cash for each party respectively, which comes to a total of NT\$ 4,367,558. The compensation will be allocated upon approval by the Board.

The sum stated above conformed to the sum recognized for the fiscal year.

### **4. The effect of dividend distributions for the current fiscal year on the Company's operating performance, earnings per share, and return on equity**

#### **Appendix 4**

Not applicable, because no stock dividend has been allocated this year.

## 5. Shareholdings of the 6th Board of Directors

Appendix 5

### Taiming Assurance Broker Co., Ltd. Shareholdings of the 6th Board of Directors

Deadline for transfer: April 10, 2018

Title	Name	Appointment Date	Term	Shares currently holding
Chairman	Taiwan Navigator Asset Investment Co., Ltd. Representative: Cheng-Chih Lee	105.06.15	3	9,025,907
Vice Chairman	Taiwan Navigator Asset Investment Co., Ltd. Representative: Tsui-Jung Chen	105.06.15	3	9,025,907
Director	Taiwan Navigator Asset Investment Co., Ltd. Representative: Chao-Feng Chen	105.06.15	3	9,025,907
Director	Cheng-Rong Enterprise Co., Ltd. Representative: Yang-Kuo Chen	105.06.15	3	47,959
Director	Cheng-Rong Enterprise Co., Ltd. Representative: Pei-Chin Li	105.06.15	3	47,959
Independent Director	Tsung-Ju Li	105.06.15	3	0
Independent Director	Chuang-Teng Tsai	105.06.15	3	0
Independent Director	Tsung-Han Hsieh	105.06.15	3	0
Number of shares held by all directors: 9,073,866, accounting for 38.31 percent				

Note:

1. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the total number of shares held by all directors shall be no less than 3,553,200 in total (15 percent of the Company's total issued shares).
2. The Company has set up the Audit Committee to replace the Supervisory Board. Therefore, regulations regarding shareholding of supervisors do not apply.

## **Additional information**

Proposal raised by shareholders in this general shareholders' meeting

Content:

1. According to Article 172-1 of the Company Act, a shareholder who holds more than 1 percent of the total number of issued shares may raise a proposal in writing, provided that one shareholder is limited to one proposal and each proposal shall not be longer than 300 Chinese characters.
2. The Company set the period from 9:00 a.m., March 22 to 5:00 p.m., March 31, 2018 for acceptance of shareholder proposals and this information has been announced publicly at MOPS based on the regulations.
3. The Company did not receive any shareholders' proposal during the above mentioned period.