

E.SUN FINANCIAL HOLDING CO., LTD.

GENERAL SHAREHOLDERS MEETING 2017

Meeting Minutes

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.)

Time: 09:00 AM, 16 June 2017 (Friday)

Place: Chinese Armed Forces Cultural Activity Center
No.69, Sec. 1, Zhonghua Rd., Taipei, Taiwan

Attendance: Total shares represented by the shareholders present at the meeting in person or by proxy are 6,911,239,909 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), representing 78.84% of the total issued shares of the Company (8,765,400,000 shares).

Attending without the right to vote:

Director: Gary K.L. Tseng, Joseph N.C. Huang, Jackson Mai, Ron-Chu Chen,
Chien-Li Wu, Magi Chen, Ben Chen

Independent Director: Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin

Ying-Chou Chen, CPA from Deloitte & Touche, Taiwan

Wei-Jun Ma, Manager from Deloitte & Touche, Taiwan

Bo-Cen Lu, Attorney-at-Law from Baker & McKenzie, Taipei

Chairperson: Yung-Jen Huang, Chairman of the Board of Directors

Minutes taken down by Mei-Cheng Chu

I. Procedure of meeting

1. Meeting duly commences in session.

2. General greetings.

3. Address by Chairman.

II. Matters for Reports

1. Report on the state of business for fiscal year 2016 by the President.

Decision: Report noted.

2. Report on the inspection and auditing of the final accounting for Fiscal year 2016 by the Audit Committee.

Decision: Report noted.

3. The state of issuing corporate bonds.

Explanation :

- (1) This report is made in accordance with Article 246 of the Company Act.
- (2) With a view to repaying the Company's NT\$2.0 billion in subordinated corporate bonds due to be maturing on April 28, 2017, the Company sought and secured approval of the Taipei Exchange in its letters of September 13, 2016 (ref. Zheng-Gui-Zhai-Zi No. 10500259281) and January 11, 2017 (ref. Zheng-Gui-Zhai-Zi No. 10500367971) to issue NT\$900 million and NT\$1.1 billion respectively in unsecured corporate bonds.
- (3) In line with the Company's financial planning, the 5th Board of Directors adopted a proposal in its 18th meeting on August 12, 2016 to apply for a change in "the plan for raising funds to repay corporate bonds and the method for custody of the funds thus raised" with regard to its first batch of unsecured subordinated corporate bonds issued in 2010: from "shall be covered with operating revenues" to "shall be covered with the Company's own funds, cash dividends distributed by its subsidiaries, bank loans, funds raised by issuing corporate bonds or other capital market instruments." An application was sent to the competent authority on August 19, 2016 for filing for future reference.

Decision: Report noted.

4. Report the "Revised rules of Corporate Governance Best Practice Principles" and the plans for promoting CSR.

Explanation :

- (1) This report is made in accordance with the Corporate Social Responsibility Best Practice Principles.
- (2) Key revisions are as follows:
 - 2.1 The Board of Directors, while fulfilling its corporate social responsibility, should take the interests of stakeholders into full account in order that they are faithfully reflected in related policies, systems, or management guidelines. (Articles 7)
 - 2.2 In order that the Company, while providing products and services, can treat its customers or consumers in a fair and reasonable manner, a new set of guidelines was enacted in accordance with the Fair Dealing Principles promulgated by the Financial Supervisory Commission. (Articles 22-1)
 - 2.3 Wording was added to make it clear that the Company, while channeling resources for fulfilling corporate social responsibility, should pour these into civil groups, public welfare organizations, and government activities that aim at solving social or environmental problems, thereby promoting the country's environmental and social progress and attaining the goal of sustainable development. (Articles 27)
- (3) To fulfill social responsibility continuously, the Company has a long-term commitment to taking systematic measures across the economic, social, and environmental dimensions. A summary of the Company's 2017 Plan for Fulfilling Corporate Social Responsibility is as follows:
 - 3.1 Economic Dimension
 - 3.1.1 Corporate governance

Draft a corporate governance plan. To enhance transparency of information disclosure, the Company shall disclose in its annual report the credentials of members of the various functional committees under the Board of Directors and their operations, as well as take the initiative to present a report on its CPA appointment or reappointment to the shareholders' meeting. To further improve the functioning of the Board of Directors, the Company shall also engage an independent, external institution to conduct performance evaluation. Meanwhile, the Company is set to remain actively involved in the rating and assessment of corporate governance as it strives to make the country's "best-performing and most-respected enterprise."
 - 3.1.2 Legal Compliance:

Track the latest domestic and overseas developments with regard to supervisory regulations, strengthen employee capacity for legal compliance, and undertake legal compliance training, thereby ensuring the Company's legal compliance.

3.1.3 Money Laundering Control :

Enhance employee capacity for money laundering control, encourage employees to pass exams and become certified anti-money laundering specialists, and strengthen the money laundering control capability of overseas branches and outlets.

3.2 Social Dimension

3.2.1 Concern for employees

With "home" as the core of its humanistic and health promotion endeavors, the Company shall keep up employee welfare and care arrangements superior to those required by law, thereby creating a happy workplace.

3.2.2 Customer rights

Zoom in to financial innovation; promote digital services, innovative products, and transformed channels; adapt to the shift to cloud computing, mobile, and big data applications and draw on the prowess of science and technology to enrich customer experiences.

3.2.3 Talent Cultivation:

Put in place a comprehensive long-term selection and training mechanism to nurture professionals with cross-sector competence and accumulate human capital.

3.2.4 Social welfare

With the belief that one simple act of love can inspire others to love, the Company is ready to continue drawing on its core competence and teaming up with nonfinancial partners to serve society and public welfare in the following four areas: academics and education, social engagement, athletics, and humanities and the arts.

3.2.4.1 Academics and Education

People make the most important asset of any business and hold the key to national competitiveness. The Company is thus thoroughly committed to promoting academics and education. Highlights include industry-academia collaboration with 10 eminent institutions of higher learning, the E.SUN Academic Awards, the E.SUN Scholarship for Outstanding Management Talents, and the World Masters' Forum.

3.2.4.2 Social Engagement

Keep up the E.SUN Golden Seed Project and Care for Schoolchildren Project as well as such public welfare initiatives as care for orphans and blood donation drives. Focus is to be placed on giving assistance to children from less fortunate families or those victimized by sudden misfortune, thereby helping create a loving and caring community.

3.2.4.3 Athletics

Keep up the Company's long-term commitment to such initiatives as the E.SUN

Cup International AAA Baseball Tournament, E.SUN High School Baseball Camp, E.SUN High School Baseball Camp for Pitchers and Catchers, and Care for Hinterland Baseball Teams to further bolster the local sport of high school baseball.

3.2.4.4 Humanities and the Arts

Promote quality artistic and cultural activities, such as For Mother concerts, performances by the Vienna Boys' Choir, and various artistic and cultural exhibitions, to enhance cultural refinement and highlight humanistic values.

3.3 Environmental Dimension

3.3.1 Environmental Protection and Energy Conservation:

Direct efforts toward environmental protection, including the establishment of a corporate culture of energy conservation and carbon reduction, promotion of environmental education, and implementation of environmental protection and energy conservation measures.

3.3.2 Low-Carbon Operations:

Promote low-carbon management and usher in various ISO-certified environmental protection management systems to ensure compliance with international environmental protection conventions.

3.3.3 Responsible Lending:

Promote the Equator Principles (EP) and continue to refine the lending process of large-scale project financing, thereby using the loans thus extended to urge businesses to pay greater attention to the environmental and social impact of their operations

3.3.4 Responsible Investment:

Priority is given to investing in businesses committed to sustainable development that have been included as components of the Dow Jones Sustainability Index (DJSI) and GS Sustain Focus List.

The foregoing programs may be adjusted when needed by the chairman or person designated by the chairman on the basis of the environment or special needs.

Decision: Report noted.

5. The status of remuneration distribution to employees and directors.

Explanation :

- (1) This report is made in accordance with Article 36 of the Articles of Incorporation of the Company.
- (2) The Company had pre-tax net profit before allocation of compensation to employees and directors of NT\$13,252,399,594. After subtracting an amount of NT\$174,949,232 for reserve against cumulative losses, pre-tax net profit before allocation was NT\$13,077,450,362. In accordance with the ratios in the Articles of Incorporation, employee compensation (2.7%) was NT\$353,091,160 (including stock and cash compensation), and director compensation (not exceeding 0.9%) was NT\$99,000,000 in cash.
- (3) In accordance with Financial Supervisory Commission regulations Jin-Guan-Zheng-Shen-Zi No. 1050001900 of January 30, 2016, calculation of the foregoing number of allocated shares shall be made on the basis of the closing price on the day before the Board resolution.

Decision: Report noted.

6. Report the adjustment of CPAs.

Explanation :

- (1) This report is made in accordance with the third paragraphs of Article 20 and the first paragraphs of Article 29 of the Articles of Incorporation of the Company.
- (2) With Deloitte Taiwan being engaged to audit and certify the Company's financial report, its internal adjustment led to the replacement of the two CPAs formerly charged with the duty—Huang Jui-chan and Lai Kwan-chung—with Chen Ying-chou and Huang Jui-chan, effective from the third quarter of 2016.
- (3) In its review of CPA performance in 2016, the Company concluded that Deloitte Taiwan's service quality conformed to expectations.
- (4) Based on the aforesaid review of CPA performance in 2016, the Company decided to again engage Deloitte Taiwan to audit and certify its financial report in 2017.

Decision: Report noted.

III. Matters for ratification

Proposal No. 1 as proposed by the Board of Directors:

Proposal: Recognize the Company's Business reports and financial statements for fiscal year 2016.

Explanation:

1. This proposal is made pursuant to Article 230 of the Company Act and Article 35 of the Articles of Incorporation of the Company.
2. The financial report of the Company produced on the year 2016 and the books and accounts including the business report were approved on 1 March 2017 by the 21th meeting of the 5th Board of Directors and audited and certified by Chen Yin-Chou CPA and Huang Jui-Chan CPA with Deloitte & Touche, Taiwan. The books and accounts herein were inspected by the audit committee as containing no irregularity afterwards. The independent directors produced the relevant inspection report.

Resolution:

Voting result:

Total shares represented by the shareholders present in person or by proxy are 6,910,076,404 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), shares approving the proposal are 5,660,729,127 shares (including 3,856,979,295 shares voting by electronic voting method), shares opposing to the proposal are 1,132,302 shares (including 1,132,302 shares voting by electronic voting method), and shares waiving voting right to the proposal are 1,248,214,975 shares (including 1,242,442,355 shares voting by electronic voting method). The proportion of the number of approving shares to total shares represented by the shareholders is present 81.91%. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

Proposal No. 2 as proposed by the Board of Directors:

Proposal: Distribution of profits for fiscal 2016.

Explanation:

1. The distribution of profits for fiscal 2016 is proposed in accordance with Article 36-1 of the Articles of Incorporation of the Company.
2. Given NT\$40,828,953 in beginning retained earnings for the year 2016, the Company recorded a NT\$579,954 increase to retained earnings from remeasurements of defined benefit plans, retained earnings of NT\$216,358,139 after deducting adjustment in investment under the equity method, a cumulative loss of NT\$174,949,232 after such adjustment. Adding the reported after-tax earnings NT\$13,135,212,063 for the year 2016, the net income for the period was NT\$12,960,262,831 after loss offsetting. Minus a NT\$1,296,026,283 appropriation of legal reserve, the Company has an amount of NT\$11,664,236,548 in earnings distributable for the year, and it is planned to allocate shareholders bonuses totaling TWD11,657,982,000, where bonuses will be TWD \$0.74083715 per share (totaling NT7,012,320,000) and TWD \$0.49080461 cash dividends (TWD 4,645,662,000) per share and the balance of TWD 6,254,548 is un-distributed earnings as of the end of the period.
3. The stock dividends is set to be issued according to the shareholders as registered in the shareholders roster at the rate of 74.083715 new shares on each 1,000 shares held in proportion to their shareholding on the record date. Fractions of a share may be combined for full shares with the fractions of shares held by other shareholders within the specified time period. Upon expiration of the specified time period or fractions of a share still remain, cash will be paid according to the par value (and rounded to the nearest full Taiwan Dollar) and the chairman of the Company would be authorized to look for specified persons to buy the fraction of shares according to the par value.
4. The cash dividend being distributed shall be rounded off proportionately to the nearest Taiwan dollar. The sum of all cash dividends less than TWD1 shall be adjusted in line with a progressive decrease in decimal numbers and a progressive increase in shareholder numbers so that the total of dividend distribution is fully accounted for.
5. It is proposed that the chairman of the Company would be authorized with full powers to deal with matters in connection with the change (if any) to the stock (cash) dividend ratio distributable to shareholders as a result of a change in the total outstanding shares of the Company arising from any reasons.

6. Subject to approval of the proposal by the shareholders' meeting, it is proposed that the Board of Directors and /or the chairman of the Company be authorized to determine the cash dividend record date. Upon approval of the competent authority, it is proposed that the Board of Directors and /or the chairman of the Company be authorized to determine the stock dividend record date.

Resolution:

1. Shareholder with A/C No. 59670 raised questions regarding dividend distribution. The Chairman replied to the shareholder and instructed to put to the vote.

2. Voting result:

Total shares represented by the shareholders present in person or by proxy are 6,910,631,404 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), shares approving the proposal are 5,688,609,169 shares (including 3,884,238,640 shares voting by electronic voting method), shares opposing to the proposal are 1,626,147 shares (including 1,626,147 shares voting by electronic voting method), and shares waiving voting right to the proposal are 1,220,396,088 shares (including 1,214,689,165 shares voting by electronic voting method). The proportion of the number of approving shares to total shares represented by the shareholders is present 82.31%. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

E.SUN FINANCIAL HOLDING CO., LTD.**PROPOSED DISTRIBUTION OF EARNINGS**

As of 31 December 2016

Currency: TWD

Balance of undistributed earnings at the beginning of the period	40,828,953
Confirmed benefit plan re-assessment number recognized in retained earnings	579,954
Retained earnings adjusted due to investments employing the equity method	(216,358,139)
Undistributed earnings after adjustment	(174,949,232)
Net profit after tax for the year	13,135,212,063
Net profit for the period after making up losses	12,960,262,831
10% legal reserve	(1,296,026,283)
Distributable earnings for the period	11,664,236,548
Distribution items:	
Stock dividend (TWD0.74083715 per share)	(7,012,320,000)
Cash dividend (TWD 0.49080461 per share)	(4,645,662,000)
Total shareholders' bonuses	(11,657,982,000)
Profit undistributed as of the end of the period	6,254,548

Note: Dividend distribution shall be based on after-tax earnings for the year as a first priority

IV. Matters for discussion

Proposal No. 1 as proposed by the Board of Directors:

Proposal: Proposed revision of the Articles of Incorporation.

Explanation:

1. The revision is proposed under the Company Act in consideration of the proposed increase in the total capital amount of the Company.
2. Highlights of the revision proposed:

In response to the Company's need to replenish capital, it is proposed that the total capital amount of the Company be increased to TWD 150 billion.

Resolution:

Voting result:

Total shares represented by the shareholders present in person or by proxy are 6,911,187,909 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), shares approving the proposal are 5,560,050,310 shares (including 3,755,364,781 shares voting by electronic voting method), shares opposing to the proposal are 130,231,044 shares (including 130,231,044 shares voting by electronic voting method), and shares waiving voting right to the proposal are 1,220,906,555 shares (including 1,214,958,127 shares voting by electronic voting method). The proportion of the number of approving shares to total shares represented by the shareholders present is 80.44%. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

Proposal No. 2 as proposed by the Board of Directors:

Proposal: For the purpose of increasing the BIS ratio of the Company in consideration of the Company's long-term development and operation, it is proposed to implement a capital increase by recapitalization of earnings and employee compensation.

Explanation:

1. Amount of the capital increase and number of shares:

The Company currently has TWD 94,654,000,000 in paid-in capital from a total of 9,465,400,000 issued shares. It is proposed that 701,232,000 new shares be issued on the amount of TWD 7,012,320,000 which is the profit distributable to shareholders as dividend, employee stock compensation of NT\$351,888,200, where, in accordance with Financial Supervisory Commission regulations Jin-Guan-Zheng-Shen-Zi No. 1050001900 of January 30, 2016, calculation of the foregoing stock compensation shall be made on the basis of the closing price of NT\$18.65 per share on the day before the Board resolution. A total of 18,868,000 new shares were issued. The foregoing recapitalized earnings totaled NT\$7,201,000,000, and 720,100,000 shares with a face value of NT\$10 per share were issued. After recapitalization, the Company's paid-in capital was increased to NT\$101,855,000,000, and 10,185,500,000 shares were issued.

2. Source of the fund proposed to be capitalized:

Shareholder stock bonuses and employee stock bonuses from 2016 will be recapitalized.

3. Purpose of the fund from the capital increase:

The increased capital fund will be used to increase the BIS ratio of the Company in consideration of the Company's long-term development and operation and strengthened competitiveness of the Company.

4. Issuance of new shares:

It is proposed that the new shares be issued in full by one share with a par value of TWD 10 each. Holders of the new shares shall hold the same rights and bear the same obligations as the holders of the original issued shares.

5. 701,232,000 shares of the news shares to be issued on the capital increase proposed shall be distributed, with no consideration paid, to the shareholders as registered in the shareholders roster at the rate of 74.083715 new shares on each 1,000 shares held in proportion to their shareholding. Fractions of a share may be combined for full shares with the fractions of shares held by other shareholders within the specified time period. Upon expiration of the

specified time period or fractions of a share still remain, cash will be paid according to the par value (and rounded to the nearest full Taiwan Dollar) and the chairman of the Company would be authorized to look for specified persons to buy the fraction of shares according to the par value.

6. Stock Dividend Record Date:

Subject to approval of the proposal by the shareholders' meeting and that of the competent authority, it is proposed that the Board of Directors and or/ chairman of the Company be authorized to determine and announce the date.

7. As of now, the outstanding shares of the Company amount to 9,465,400,000 in total. It is proposed that the chairman of the Company would be authorized with full powers to deal with matters in connection with the change (if any) to the stock (cash) dividend ratio distributable to shareholders as a result of a change in the total outstanding shares of the Company arising from any reasons.

Resolution:

Voting result:

Total shares represented by the shareholders present in person or by proxy are 6,911,187,909 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), shares approving the proposal are 5,668,820,398 shares (including 3,863,931,369 shares voting by electronic voting method), shares opposing to the proposal are 21,865,173 shares (including 21,865,173 shares voting by electronic voting method), and shares waiving voting right to the proposal are 1,220,502,338 shares (including 1,214,757,410 shares voting by electronic voting method). The proportion of the number of approving shares to total shares represented by the shareholders present is 82.02%. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

Proposal No. 3 as proposed by the Board of Directors:

Proposal: Proposed revision of the Rules for Handling Acquisitions and Disposals of Assets.

Explanation:

1. The revision is proposed in line with change of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued 9 February 2017.
2. Highlights of the revision proposed:
 - (1) Clearly define “domestic money market funds” in accordance with pertinent laws and regulations. (Articles 12,25)
 - (2) Add wording that specifies exemption from the requirement of obtaining an opinion on reasonableness issued by an expert “in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100% of the respective subsidiaries’ issued shares or authorized capital.”(Articles 17)
 - (3) Revisions to Article 25 that specifies matters in relation to acquisitions and disposals of assets required to be publicly announced and reported: :
 - 3.1 The minimum value of transaction in which an unrelated party acquires or disposes of non-operating equipment that calls for reporting by a company with paid-in capital of NT\$10 billion or more shall be increased to NT\$1 billion.
 - 3.2 Purchases of ordinary corporate bonds or of general bank debentures without equity characteristics in the domestic primary market shall be considered part of the Company’s routine business and thus exempted from the obligation for making a public announcement. Separately, subscription to securities by a financial institution that is necessitated by conducting its undertaking business or acting as an advisory securities firm for an emerging stock company shall be exempted from the obligation for making a public announcement.
 - (4) When an error or omission that calls for correction is spotted in a public announcement, this correction shall be made within two days (inclusive) after the day of the aforesaid spotting. (Articles 25).

Resolution:

Voting result:

Total shares represented by the shareholders present in person or by proxy are 6,911,187,909 shares (including 5,100,553,952 shares represented by the shareholders by electronic voting method), shares approving the proposal are 5,687,443,264 shares (including 3,882,554,235 shares voting by electronic voting method), shares opposing to the proposal are 1,288,088 shares (including 1,288,088 shares voting by electronic voting method), and shares waiving voting right to the proposal are 1,222,508,557 shares (including 1,216,711,629 shares voting by electronic voting method). The proportion of the number of approving shares to total shares represented by the shareholders present is 82.29%. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

V. Election

Proposed by Board of Directors

Proposal: That the 13 members of the 6th Board of Directors of Company be elected by this shareholders meeting each to serve the office term of three years from 16 June 2017, the date of convention of this shareholders meeting.

Explanation:

1. The election is proposed under Articles 19 and 19-1 of the Articles of Incorporation of the Company.
2. The Company will have 13 directors including 5 independent directors (please see Attachment for the candidates nominated). Each director will serve an office term of three years and may be re-elected.
3. The shareholders meeting this year (2017) will elect the members of the 6th Board of Directors of the Company with the director elects each to serve the office term from 16 June 2017 (election day) through 15 June 2020. However, the actual office term will expire until the election of the members of the 7th Board of Directors.
4. The director(s) of the Company shall be elected in accordance with the Rules Governing the Election of Directors of Company under the relevant laws and regulations.

Director elects:

a/c no. for independent director	Name of Independent Director	Weighted votes (by electronic voting)
66168	Chen-En Ko	4,559,360,000 (3,548,610,772)
66178	Ji-Ren Lee	4,559,360,191 (3,598,884,009)
66188	Chen-Chen Chang Lin	4,559,360,140 (3,461,769,080)
66198	Hsin-I Lin	4,559,359,949 (3,633,472,737)
66556	Chun-Yao Huang	4,559,360,075 (3,640,876,506)

Shareholder a/c no.	Name of Directors	Weighted votes (by electronic voting)
65813	E.SUN Volunteer& Social Welfare Foundation Representative: Yung-Jen Huang	8,779,217,400 (3,520,811,318)
65813	E.SUN Volunteer& Social Welfare Foundation Representative: Joseph N.C. Huang	7,411,856,000 (3,517,547,908)
1	E.SUN Foundation Representative: Gary K.L.Tseng	6,386,263,200 (3,487,656,220)
8	Hsin Tung Yang Co., Ltd. Representative: Jackson Mai	4,980,975,740 (3,407,595,336)
123662	Fu-Yuan Investment Co., Ltd. Representative: Ron-Chu Chen	5,584,911,444 (3,400,011,269)
16557	Shang Li Car Co., Ltd. Representative: Chien-Li Wu	4,787,260,400 (3,399,594,409)
32013	Shan Meng Investment Co., Ltd. Representative: Magi Chen	4,206,114,380 (3,487,710,674)
18322	Sunlit Transportation Co., Ltd. Representative: Mao-Chin Chen	4,122,977,703 (3,475,819,807)

Candidates of Independent Director and Director of E.SUN Financial Holding Co., Ltd.

No.	Title	Name	Education	Professional experience	Number of shares held
1	Independent director	Chen-En Ko	PhD of Department of Accounting at University of Minnesota	Current: Honorary professor of Department of Accounting at National Taiwan University Independent Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Taiwan Corporate Governance Association(TCGA)	0
2	Independent director	Ji-Ren Lee	PhD of Business Administration, University of Illinois	Current: Professor of Management at National Taiwan University Independent director of E.SUN FHC and Bank Experience: CEO of EMBA program at National Taiwan University	0
3	Independent director	Chen-Chen Chang Lin	Master of Mathematics and Statistics of University of Michigan	Current: Independent director of E.SUN FHC and Bank Managing Director of E.SUN Bank Experience: Chairman of Financial Information Service Co.,Ltd. Head of systems engineering division of Institute for Information Industry.	0
4	Independent director	Hsin-I Lin	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University	Current: Director of Yulon Motor Co.,Ltd., China Motor Co.,Ltd. Independent director of E.SUN FHC and Bank Experience: Vice Premier of Executive Yuan, Minister of Economic Affairs, Chairman of Industrial Technology Research Institute	0
5	Independent director	Chun-Yao Huang	PhD of Marketing at London Business School	Current: Professor of Business Administration at National Taiwan University Experience: Dean, College of Business Administration at National Taiwan University	0
6	Director	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	Department of Cooperative Economics at National Chung Hsing University	Current: Chairman of E.SUN FHC Experience: Chairman of E.SUN Bank, President of E.SUN Bank	25,774,280
7	Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	MBA of the City University of New York	Current: President of E.SUN FHC and E.SUN Bank Experience: Chairman of E.SUN Venture Capital	25,774,280

No.	Name	Education	Professional experience	Number of shares held	No.
8	Director	Representative of E.SUN Foundation Gary K.L.Tseng	Master of Public Administration at Harvard University	Current: Director of E.SUN FHC Chairman of E.SUN Bank Experience: Director Banking Bureau, Financial Supervisory Commission	14,531,328
9	Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	Kai-Nan Commercial & Technical High School	Current: Chairman of Hsin Tung Yang Co., Ltd. Director of E.SUN FHC, Managing Director of E.SUN Bank Experience: Chairman of Sheng Yang Construction Co., Ltd.	47,501,054
10	Director	Representative of Fu-Yuan Investment Co.,Ltd. Ron-Chu Chen	Chu Nan Junior High School	Current: Chairman of Fu Yuan Investment Co., Ltd. Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Nien Hsing Textile Co., Ltd.	29,771,495
11	Director	Representative of Shang Li Car Co.,Ltd. Chien-Li Wu	Chung Jung High School	Current: Chairman of Shang Li Car Co., Ltd. Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Shen Li Investment Co., Ltd.	40,000,000
12	Director	Representative of Shan Meng Investment Co.Ltd., Magi Chen	EMBA, University of Tennessee, Knoxville,	Current: Director and CFO of E.SUN FHC and E.SUN Bank Experience: SEVP of E.SUN FHC and E.SUN Bank	19,273,532
13	Director	Representative of Sunlit Transportation Co., Ltd. Mao-Chin Chen	Master of Economics at National Taiwan University	Current: Director and CSO of E.SUN FHC and E.SUN Bank Experience: SEVP of E.SUN FHC and E.SUN Bank	41,349,000

Notes: 1. The shareholdings for above board candidates are calculated based on the book closure date (2017/4/18).

2. The first four independent director candidates are all incumbents who are serving their third straight term. Indeed, the Company needs independent directors commensurate with its development strategies and diversification considerations. Not only proving their independence before their appointment and during their tenure, the four possess the knowledge, skills, and attainment as well as other overall specializations needed for them to do their job. As convener of the Audit Committee, Cheng-En Ko owns three certificates highly sought after in international financial and accounting circles and commands an extraordinary capacity for corporate governance and financial management. With his expertise in growth strategies and corporate innovation and transformation, Ji-Ren Lee is a specialist in strategic management and human resources management. Chen-Chen Chang Lin is a veteran who over the years has focused on financial information systems and accumulated a solid track record in fintech and information security. For his part, Hsin-I Lin is best known for his insights on industry risks, performance management, and business operations. Given their expertise in accounting and auditing as well as strategies, information, and business management, their serving the Company's functional committees under the Board of Directors is

fully justified: they are forward-looking and impartial and can help with better-rounded decision making, thereby ensuring the quality of strategic planning. During their tenure, they have not only performed their supervisory and directory duties through presenting suggestions to the Board of Directors and its various functional committees but also assisted the Company in establishing and enforcing a sound corporate governance mechanism. The Company thus concluded that the four are fully qualified to serve as independent directors.

The nominee number 5 Prof. Chun-Yao Huang is a new candidate for independent director. Prof. Huang is expert in digital marketing, new product development, and e-commerce. His research includes quantitative marketing model, clientele analysis, sales projection, and web browsing behavior analysis. He has rich experience providing marketing consultation to retailing, finance, technology, and internet.

VI. Extempore motion

Shareholder with A/C No. 59670 raised questions regarding business operation matters while shareholder with A/C No. 262911 raised questions regarding company's financial status. The Chairman, the President and the representatives from the relevant departments replied to the two shareholders and both parties agreed not to put these in motion.

VII. Meeting adjourned (at about 10:35 AM the same day.)

Chairperson: Yung-Jen Huang, Chairman of the Board of Directors

Minutes taken down by Mei-Cheng Chu

※The Minutes only reflected the main contents of the meeting. Please refer to the recording for the exact contents and proceeding of the meeting.

VIII. Appendices

< Appendices 1 >

Business Report

Dear Shareholders :

The year 2016 saw many challenges and changes across the world's political and economic landscapes: the U.S. presidential election, the U.K.'s referendum on leaving the European Union, protectionism on the rise, and clashes between forces in favor of and against globalization. All these not only impacted the strategic deployment of countries and their competition and cooperation in regional economies but also brought financial markets more uncertainties. Meanwhile, such pressing issues as Fintech, information security, and cross-border control of money laundering put financial institutions to test; they were called upon to prove themselves capable of securing an equilibrium in financial innovation and risk management while staying on the growth track. We are keenly aware that such a time of challenges and changes is no less than a critical juncture for businesses to build on their core value and secure their place in the future.

E.SUN Bank, E.SUN Financial Holding Co., Ltd.'s major subsidiary, was established in 1992. Since its inception, E.SUN Bank has overcome many daunting challenges over a quarter century. During this time, we have never strayed away from our vision and beliefs. Named after Taiwan's highest peak Yushan, or Mt. Yu, E.SUN Bank is committed to standing by the principles of integrity and honesty while striving for a fresh, professional brand image, thereby making the best bank in Taiwan.

2016—A Solid Overall Performance

E.SUN FHC delivered further growth across all business lines in 2016. This performance did not go unnoticed. While the Company made its way into the Dow Jones Sustainability Index (DJSI) for a third straight year, three leading international financial magazines—Asiamoney, The Asset, and The Banker—unanimously rated E.SUN Bank as Taiwan's best bank in recognition of its long-time dedication to sustainable development and sound business.

In terms of financial gauges, net income set another record high of NT\$13.135 billion, EPS was NT\$1.50 per share. The ROE and ROA came in at 10.35% and 0.71% respectively while the capital adequacy ratio at 137.29%. Meanwhile, E.SUN Bank was able to keep up its asset quality as well. The NPL ratio of 0.19% was supplemented by a 629.84% loan loss coverage ratio. When it comes to credit ratings, Moody's continued to assign E.SUN FHC its long/short-term foreign-currency deposit ratings of Baa1/P-2 while keeping intact those for E.SUN Bank at A3/P-2. Both were assigned a stable outlook.

At the end of 2016, E.SUN FHC's total assets amounted to NT\$1.88 trillion; outstanding balance of loans, NT\$1.13 trillion; and outstanding balance of all deposits, NT\$1.56 trillion, including NT\$705.8 billion in demand deposits and NT\$413.5 billion in foreign currency

deposits. Net interest income and fee income also grew steadily, by 6.36% to NT\$18.585 billion and by 12.04% to NT\$15.549 billion respectively. Likewise, wealth management and credit card businesses kept up growth momentum. Fee income from wealth management and credit card services increased by 12.4% and 20.8% to NT\$8.219 billion and NT\$4.244 billion respectively. Separately, the Bank saw its cardholder spending expand by 18.9% to NT\$300.1 billion, recording the highest growth rate among Taiwan's top 10 card issuers for a second straight year. In terms of SME loans, E.SUN Bank not only remained the biggest lender among Taiwan's privately run banks but also emerged as a recipient of the SME Credit Guarantee Partner Awards for the 11th consecutive year, a record unparalleled by any other local peer.

Fintech has progressed rapidly. To stay ahead of the game, E.SUN has continued investing in financial innovation in the form of payment services, smart banking, and channel consolidation so that it can provide customers with personalized services and make digital banking and the good life it brings readily accessible to everyone. In terms of payment banking, E.SUN Bank took the lead to introduce E.SUN Wallet, Taiwan's only cellular credit card with both Host Card Emulation (HCE) and QR code capabilities. When it comes to smart banking, E.SUN Bank draws on big data and digital platforms as its core for developing a wider range of Bank 3.0 services: e-Click Loan Application, online mortgages, online forex services, and digital wealth management. As far as channel consolidation is concerned, the Bank took the lead to combine digital technology and the arts as it set up digital flagship branches in northern, central, and southern parts of Taiwan to provide customers with O2O financial services that come with a distinctly human touch and integrate the physical and virtual. E.SUN's accomplishments were recognized and received the Digital Champion in Asiapac Award for two consecutive years in Gartner's innovation award.

When it comes to expanding across Asia, E.SUN Bank now operates 24 outlets in eight countries and regions, including the Yangon Branch in Myanmar—the only one established by any Taiwanese bank to date; the China subsidiary—the first instance of any Taiwanese bank branch securing subsidiary status on the mainland; and the Sydney Branch in Australia. All these go a long way toward building a well-rounded financial platform in Asia that promises to provide customers with a full spectrum of cross-border services.

Strive for Sustainable Development

The most beautiful mountain. The most beloved bank. We have gathered a team of partners sharing the same aspirations and ideals who work hard to excel in the three most indicative areas for any business venture: overall performance, corporate social responsibility, and sustainable development. It is our belief that only by focusing on sustainable development as a long-term value and incorporating CSR into business strategy can we make the best-performing and most-respected bank. As such, we pledge to build a happiness-giving enterprise—a supportive environment where all employees can bring their potential to the

fullest. We also took the lead to set up the E.SUN Baby Growth Fund as an incentive for employees to have children and help cultivate a quality young generation. Separately, we also take responsible investment and lending seriously. As a signatory of the Equator Principles, we are set to work with customers for an intelligent, strategic, and methodical approach toward ensuring environmental sustainability. To attain sustainable development, we will keep up our endeavors across all aspects of our business: corporate governance, employees, customers, the environment, and society at large.

Both opportunities and challenges abound in the days ahead. As our third decade unfolds, E.SUN FHC has adopted the core strategy of striving for financial innovation, deepening roots in Taiwan, and making inroads into Asia so that we can take full advantage of Fintech and the Asian market that are both on the rise. With technology as our growth accelerator, we are committed to creating long-term value for shareholders and striking a balance between benefits for all stakeholders. Our gratitude goes to all those who have been generous with support and exhortation of E.SUN FHC over the years. We pledge to keep up our endeavors and help build a brighter future for all. Best wishes for everyone in 2017!

Chairman



President



<Appendices 2>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 36,813,204	2	\$ 36,710,732	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	62,731,770	3	67,401,915	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	366,689,364	20	349,603,244	20
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET	141,645,924	8	131,281,637	7
SECURITIES PURCHASED UNDER RESELL AGREEMENTS	173,470	-	896,844	-
RECEIVABLES, NET	83,935,869	5	78,562,234	4
CURRENT TAX ASSETS	33	-	104	-
DISCOUNTS AND LOANS, NET	1,118,148,669	59	1,021,994,720	58
HELD-TO-MATURITY FINANCIAL ASSETS, NET	3,616,960	-	5,289,839	-
OTHER FINANCIAL ASSETS, NET	31,009,269	2	43,697,797	3
INVESTMENT PROPERTIES, NET	2,033,334	-	461,799	-
PROPERTIES AND EQUIPMENT, NET	26,439,666	1	26,792,354	2
INTANGIBLE ASSETS, NET	6,241,852	-	5,953,922	-
DEFERRED TAX ASSETS	438,264	-	500,739	-
OTHER ASSETS, NET	<u>4,382,542</u>	<u>-</u>	<u>6,136,051</u>	<u>-</u>
TOTAL	<u>\$ 1,884,300,190</u>	<u>100</u>	<u>\$ 1,775,283,931</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 52,516,006	3	\$ 71,170,130	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	42,145,098	2	35,875,595	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	8,881,723	1	8,034,391	1
COMMERCIAL PAPER ISSUED, NET	2,557,414	-	2,279,200	-
PAYABLES	27,503,039	1	21,441,650	1
CURRENT TAX LIABILITIES	1,636,966	-	1,144,949	-
DEPOSITS AND REMITTANCES	1,557,116,388	83	1,456,393,949	82
BOND PAYABLES	48,950,000	3	50,750,000	3
OTHER BORROWINGS	3,592,271	-	1,269,940	-
PROVISIONS	442,271	-	499,097	-
OTHER FINANCIAL LIABILITIES	6,903,561	-	1,319,959	-
DEFERRED TAX LIABILITIES	925,546	-	1,288,004	-
OTHER LIABILITIES	<u>1,948,549</u>	<u>-</u>	<u>2,156,169</u>	<u>-</u>
Total liabilities	<u>1,755,118,832</u>	<u>93</u>	<u>1,653,623,033</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC				
Capital stock				
Common stock	<u>87,654,000</u>	<u>5</u>	<u>79,517,000</u>	<u>5</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	17,276,185	1	17,118,680	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>20,658,669</u>	<u>1</u>	<u>20,501,164</u>	<u>1</u>
Retained earnings				
Legal reserve	6,677,949	-	5,409,976	-
Special reserve	164,235	-	164,235	-
Unappropriated earnings	<u>12,960,263</u>	<u>1</u>	<u>12,679,733</u>	<u>1</u>
Total retained earnings	<u>19,802,447</u>	<u>1</u>	<u>18,253,944</u>	<u>1</u>
Other equity	<u>409,359</u>	<u>-</u>	<u>2,654,998</u>	<u>-</u>
Total equity attributable to owners of ESFHC	128,524,475	7	120,927,106	7
NON-CONTROLLING INTERESTS	<u>656,883</u>	<u>-</u>	<u>733,792</u>	<u>-</u>
Total equity	<u>129,181,358</u>	<u>7</u>	<u>121,660,898</u>	<u>7</u>
TOTAL	<u>\$ 1,884,300,190</u>	<u>100</u>	<u>\$ 1,775,283,931</u>	<u>100</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
INTEREST REVENUE	\$ 29,823,991	72	\$ 29,981,181	78	(1)
INTEREST EXPENSE	<u>(11,239,320)</u>	<u>(27)</u>	<u>(12,507,553)</u>	<u>(33)</u>	(10)
NET INTEREST	<u>18,584,671</u>	<u>45</u>	<u>17,473,628</u>	<u>45</u>	6
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net	15,548,570	38	13,878,175	36	12
Gains on financial assets and liabilities at fair value through profit or loss	5,287,454	13	7,377,757	19	(28)
Realized gains on available-for-sale financial assets	525,402	1	463,937	1	13
Foreign exchange gains (losses), net	773,239	2	(894,473)	(2)	186
Impairment losses on assets	(7,009)	-	(120,953)	-	(94)
Gains on financial assets carried at cost, net	90,687	-	70,879	-	28
Other noninterest gains, net	<u>261,818</u>	<u>1</u>	<u>240,379</u>	<u>1</u>	9
Total net revenues and gains other than interest	<u>22,480,161</u>	<u>55</u>	<u>21,015,701</u>	<u>55</u>	7
TOTAL NET REVENUES	<u>41,064,832</u>	<u>100</u>	<u>38,489,329</u>	<u>100</u>	7
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES	<u>(3,463,088)</u>	<u>(8)</u>	<u>(3,566,430)</u>	<u>(9)</u>	(3)
OPERATING EXPENSES					
Employee benefits	(10,184,405)	(25)	(9,057,587)	(24)	12
Depreciation and amortization	(1,534,827)	(4)	(1,275,259)	(3)	20
General and administrative	<u>(10,676,840)</u>	<u>(26)</u>	<u>(9,804,922)</u>	<u>(25)</u>	9
Total operating expenses	<u>(22,396,072)</u>	<u>(55)</u>	<u>(20,137,768)</u>	<u>(52)</u>	11

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
INCOME BEFORE INCOME TAX	\$ 15,205,672	37	\$ 14,785,131	39	3
INCOME TAX EXPENSE	<u>(2,222,490)</u>	<u>(5)</u>	<u>(1,906,172)</u>	<u>(5)</u>	17
NET INCOME FOR THE YEAR	<u>12,983,182</u>	<u>32</u>	<u>12,878,959</u>	<u>34</u>	1
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	18,979	-	(129,803)	(1)	115
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(46,523)	-	(75,244)	-	(38)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>574</u>	<u>-</u>	<u>33</u>	<u>-</u>	1,639
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(26,970)</u>	<u>-</u>	<u>(205,014)</u>	<u>(1)</u>	(87)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on the translation of financial statements of foreign operations	(1,509,489)	(4)	625,763	2	(341)

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Unrealized gains (losses) on available-for-sale financial assets	\$ (1,174,588)	(3)	\$ 460,225	1	(355)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>234,704</u>	<u>1</u>	<u>(97,228)</u>	<u>-</u>	341
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(2,449,373)</u>	<u>(6)</u>	<u>988,760</u>	<u>3</u>	(348)
Other comprehensive income (loss) for the year, net of income tax	<u>(2,476,343)</u>	<u>(6)</u>	<u>783,746</u>	<u>2</u>	(416)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,506,839</u>	<u>26</u>	<u>\$ 13,662,705</u>	<u>36</u>	(23)
NET INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 13,135,212	32	\$ 12,816,347	34	2
Non-controlling interests	<u>(152,030)</u>	<u>-</u>	<u>62,612</u>	<u>-</u>	(343)
	<u>\$ 12,983,182</u>	<u>32</u>	<u>\$ 12,878,959</u>	<u>34</u>	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 10,673,795	26	\$ 13,567,419	36	(21)
Non-controlling interests	<u>(166,956)</u>	<u>-</u>	<u>95,286</u>	<u>-</u>	(275)
	<u>\$ 10,506,839</u>	<u>26</u>	<u>\$ 13,662,705</u>	<u>36</u>	(23)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$ 1.50</u>		<u>\$ 1.48</u>		
Diluted	<u>\$ 1.50</u>		<u>\$ 1.46</u>		

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of ESFHC						Other Equity				Total Equity
	Capital Stock		Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains on Available-for-sale Financial Assets	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss	Non-controlling Interests	
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2015	7,053,000	\$ 70,530,000	\$ 19,375,697	\$ 4,357,121	\$ 164,235	\$ 10,604,263	\$ 594,177	\$ 1,237,183	\$ (21,870)	\$ 784,953	\$ 107,625,759
Appropriation of 2014 earnings											
Legal reserve	-	-	-	1,052,855	-	(1,052,855)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,173,850)	-	-	-	-	(3,173,850)
Stock dividends	634,770	6,347,700	-	-	-	(6,347,700)	-	-	-	-	-
Convertible bonds converted to common shares	248,650	2,486,504	995,591	-	-	-	-	-	-	-	3,482,095
Issuance of common stock from bonus to employees	15,280	152,796	129,876	-	-	-	-	-	-	-	282,672
Acquisition of interest in subsidiary	-	-	-	-	-	(84,521)	12,267	218	-	(146,447)	(218,483)
Net income for the year ended December 31, 2015	-	-	-	-	-	12,816,347	-	-	-	62,612	12,878,959
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(81,951)	489,792	466,294	(123,063)	32,674	783,746
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	12,734,396	489,792	466,294	(123,063)	95,286	13,662,705
BALANCE AT DECEMBER 31, 2015	7,951,700	79,517,000	20,501,164	5,409,976	164,235	12,679,733	1,096,236	1,703,695	(144,933)	733,792	121,660,898
Appropriation of 2015 earnings											
Legal reserve	-	-	-	1,267,973	-	(1,267,973)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,419,231)	-	-	-	-	(3,419,231)
Stock dividends	795,170	7,951,700	-	-	-	(7,951,700)	-	-	-	-	-
Issuance of common stock from employees' compensation	18,530	185,300	157,505	-	-	-	-	-	-	-	342,805
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	97,662	97,662
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(7,615)	(7,615)
Net income for the year ended December 31, 2016	-	-	-	-	-	13,135,212	-	-	-	(152,030)	12,983,182
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(215,778)	(1,241,472)	(1,193,982)	189,815	(14,926)	(2,476,343)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	12,919,434	(1,241,472)	(1,193,982)	189,815	(166,956)	10,506,839
BALANCE AT DECEMBER 31, 2016	<u>8,765,400</u>	<u>\$ 87,654,000</u>	<u>\$ 20,658,669</u>	<u>\$ 6,677,949</u>	<u>\$ 164,235</u>	<u>\$ 12,960,263</u>	<u>\$ (145,236)</u>	<u>\$ 509,713</u>	<u>\$ 44,882</u>	<u>\$ 656,883</u>	<u>\$ 129,181,358</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 15,205,672	\$ 14,785,131
Adjustments for:		
Depreciation expenses	1,060,439	940,743
Amortization expenses	474,388	334,516
Bad-debt expenses	3,499,818	3,557,881
Gains on financial assets and liabilities at fair value through profit or loss	(5,287,454)	(7,377,757)
Interest expense	11,239,320	12,507,553
Interest revenue	(29,823,991)	(29,981,181)
Dividend income	(261,555)	(216,343)
Provision (reversal of provision) for losses on guarantees	(36,730)	8,549
Salary expenses on share-based payments	353,146	343,836
Losses (gains) on disposal of properties and equipment	8,564	(4,760)
Gains on disposal of investment properties	-	(2,562)
Gains on disposal of investments	(394,214)	(316,949)
Impairment losses on financial assets	6,884	121,133
Impairment losses on non-financial assets	125	-
Reversal of impairment losses on non-financial assets	-	(180)
Unrealized losses on foreign currency exchange	904	75,949
Gains on disposal of foreclosed collaterals	-	(8,884)
Net changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	1,910,456	(4,590,329)
Increase in financial assets at fair value through profit or loss	(7,058,182)	(50,531,473)
Increase in available-for-sale financial assets	(13,847,782)	(45,947,317)
Decrease (increase) in securities purchased under resale agreements	755,910	(878,983)
Increase in receivables	(6,075,678)	(4,743,325)
Increase in discounts and loans	(99,950,321)	(91,181,192)
Decrease in held-to-maturity financial assets	1,528,142	628,643
Decrease in other financial assets	12,174,729	8,955,422
Decrease (increase) in other assets	538,319	(564,280)
Increase (decrease) in due to the Central Bank and other banks	(18,654,124)	12,970,509
Increase (decrease) in financial liabilities at fair value through profit or loss	(1,723,578)	10,309,903
Increase (decrease) in securities sold under repurchase agreements	847,332	(5,083,132)
Increase in payables	5,386,304	120,569
Increase in deposits and remittances	100,722,439	175,702,178
Decrease in provision for employee benefits	(4,915)	(13,639)
Decrease in provisions	(859)	-
Increase (decrease) in other financial liabilities	5,575,519	(1,177,391)
Increase in other liabilities	85,249	224,885
Cash used in operations	(21,745,724)	(1,032,277)
Interest received	36,046,150	34,273,681

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Dividend received	\$ 272,227	\$ 230,718
Interest paid	(12,532,875)	(12,549,995)
Income tax paid	<u>(1,791,980)</u>	<u>(1,295,583)</u>
Net cash generated from operating activities	<u>247,798</u>	<u>19,626,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiary	(140,651)	-
Payments for properties and equipment	(2,670,682)	(6,508,542)
Proceeds from disposal of properties and equipment	51	10,255
Decrease in operating deposits	15,000	-
Increase in settlement fund	(1,710)	(10,100)
Decrease in settlement fund	13,922	219
Decrease in refundable deposits	1,412,697	-
Increase in refundable deposits	-	(2,025,685)
Payments for intangible assets	(425,101)	(375,984)
Proceeds from disposal of foreclosed collaterals	-	8,997
Payments for investment properties	(56,613)	(234,705)
Proceeds from disposal of investment properties	-	10,665
Increase in other assets	<u>(5,480)</u>	<u>(8,198)</u>
Net cash used in investing activities	<u>(1,858,567)</u>	<u>(9,133,078)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	536,621
Repayments of short-term borrowings	(246,326)	-
Increase in commercial paper issued	278,167	-
Decrease in commercial paper issued	-	(549,935)
Proceeds from issue of corporate bonds	900,000	-
Proceeds from issue of bank debentures	-	8,750,000
Repayments of bank debentures	(2,700,000)	(7,600,000)
Proceeds from long-term borrowings	2,582,320	372,823
Proceeds from guarantee deposits received	8,084	-
Refund of guarantee deposits received	-	(86,070)
Cash dividends paid to owners of ESFHC	(3,419,231)	(3,173,850)
Cash dividends paid to non-controlling interests	(7,615)	-
Change in non-controlling interests	<u>-</u>	<u>(218,483)</u>
Net cash used in financing activities	<u>(2,604,601)</u>	<u>(1,968,894)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,590,689</u>	<u>1,217,132</u>
		(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,624,681)	\$ 9,741,704
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>41,803,384</u>	<u>32,061,680</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 39,178,703</u>	<u>\$ 41,803,384</u>
	December 31	
	2016	2015
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2016 AND 2015		
Cash and cash equivalents in the consolidated balance sheets	\$ 36,813,204	\$ 36,710,732
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	2,332,963	5,092,652
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>32,536</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 39,178,703</u>	<u>\$ 41,803,384</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Financial Holding Company, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of E.SUN Financial Holding Company, Ltd. (ESFHC) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, 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, 2016 and 2015, 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, 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 of Financial Institutions by Certified Public Accountants, 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, 2016. 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, 2016 are described as follows:

Allowances for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of December 31, 2016, the net amount of discounts and loans of the Company is NT\$1,118,148,669 thousand, which represents approximately 59% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. The Company's management performs loan impairment assessment through reviewing portfolios of loans per month and makes a judgement on whether to recognize impairment losses based on if any observable evidence indicates the possible occurrence of impairment events exists. The amount of impairment losses is the difference between the asset's carrying amount and the present value of estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate. Also, the allowance provision has to comply with relevant regulations issued by authorities. Impairment loss on loans is recognized by reducing its carrying amount through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. For accounting policies and relevant information about loan impairment assessment, please refer to Notes 4, 5, and 12 to the consolidated financial statements. We determined allowances for possible losses on loans to be a key audit matter for the year ended December 31, 2016 because the assessment involves critical judgements such as accounting estimates and assumptions made by the Company's management.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Obtain an understanding of and perform test on the relevant internal controls in respect of the Company's loan impairment assessment.
2. Sample individually assessed loans and assess the assumptions used to estimate future cash flows and the reasonableness of the value of collateral.
3. Obtain an understanding of and perform test on the assumptions for and critical factors of collectively assessed loans, including the possibility of the impairment and the recoverability of loan balances, used in the impairment assessment model to verify whether the real outcome of each loan portfolio can be reflected.
4. Test the classification of credit assets in order to assess whether the provision of allowances for possible losses complies with relevant regulations issued by authorities.

Goodwill Impairment Assessment

The Company's management performs goodwill impairment assessment annually. When performing goodwill impairment assessment, the Company's management needs to determine the value in use of cash-generating units (CGUs) to which goodwill has been allocated. To determine value in use, the Company's management has to estimate the expected future cash flows generated from CGUs and applies the appropriate discount rate to those future cash flows. For accounting policies and relevant information about goodwill impairment assessment, please refer to Notes 4, 5, and 17 to the consolidated financial statements. We determined goodwill impairment assessment to be a key audit matter for the year ended December 31, 2016 because the assessment involves critical judgements such as accounting estimates and assumptions made by the Company's management.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Assess the methodology and assumptions used in goodwill impairment assessment applied by the Company's management.
2. Perform sensitivity analysis in order to assess the extent to which a change in the key assumptions could indicate the risk of an impairment.

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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and IFRS, IAS, IFRIC, and 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 group 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, 2016 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 Yin-Chou Chen and Jui-Chan Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2017

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.


Audit Committee Report

To: E.SUN Financial Holding Company 2017 General Shareholders' Meeting

The board of directors has complied and submitted the company's 2016 consolidated financial statements audited by Certified Public Accountants of Deloitte & Touche, business report and statement of distribution of retained earnings to Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared in accordance with Article 14-4 of Security and Exchange Act and Article 219 of Company Act and submitted for your approval.

E.SUN Financial Holding Company Audit Committee

Independent Director: 

Independent Director: 

Independent Director: 

Independent Director: 

Date: March 22 2017